NOVEMBER 9, 1981 TWO DOLLARS FIFTY CENTS

Forbes

The new unrest on the Indian reservations

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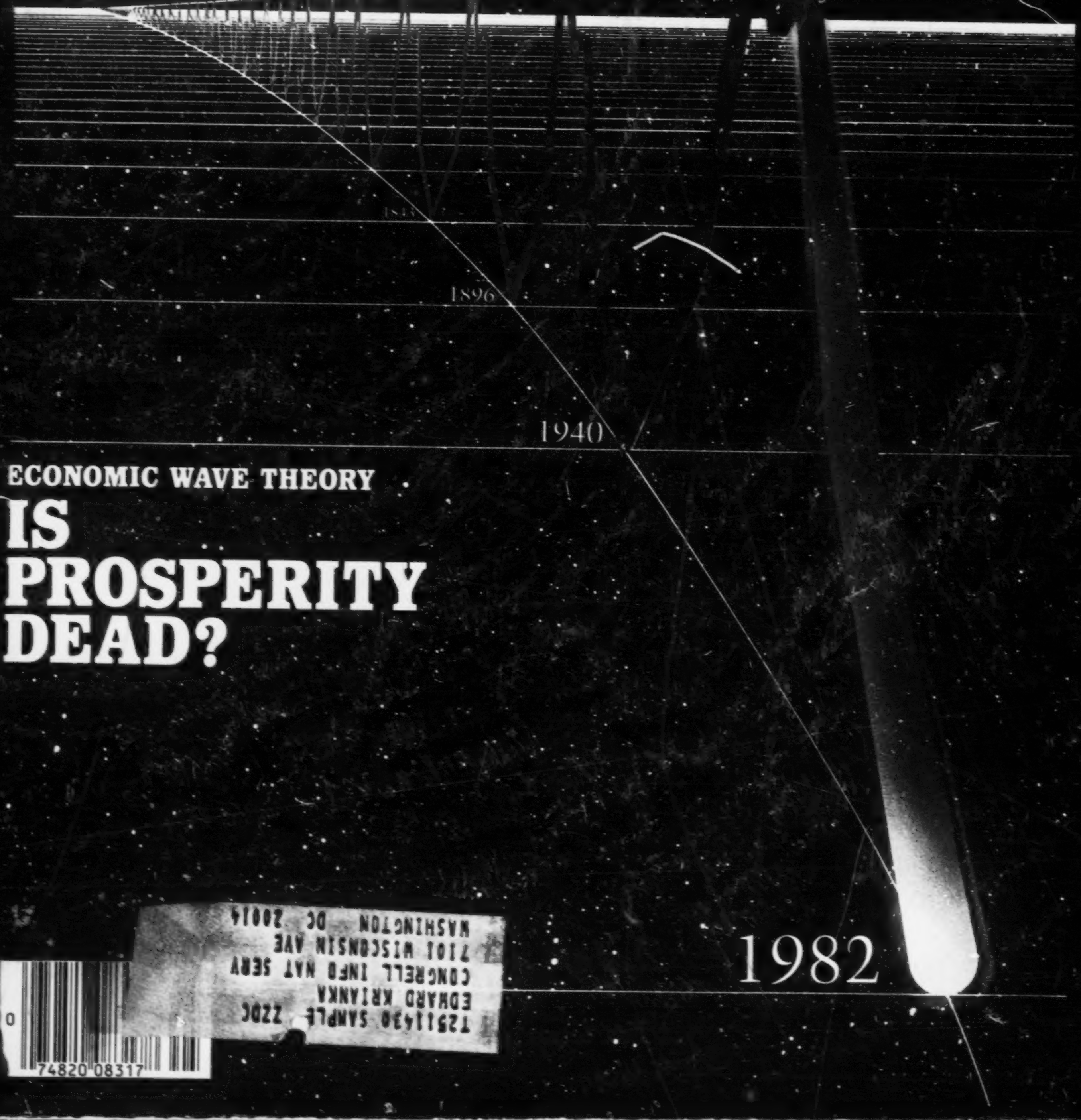

ECONOMIC WAVE THEORY

IS PROSPERITY DEAD?

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November 9, 1981
Volume 128,
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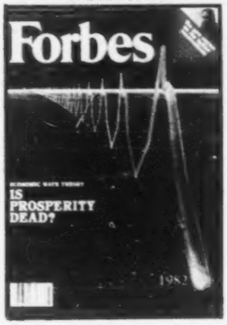

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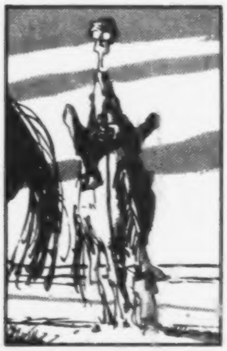

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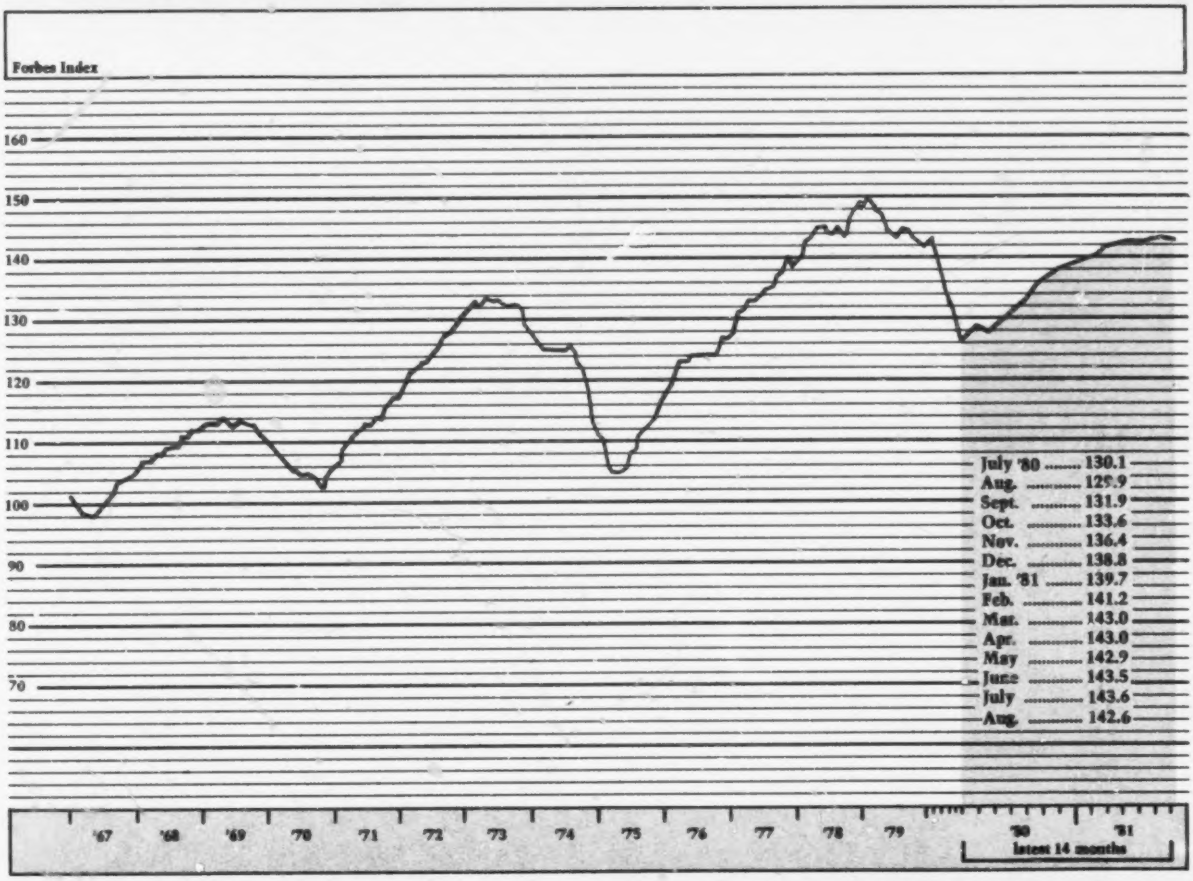
The Forbes Index



The Forbes Index Components

Bad news on the way? The latest Forbes Index is unchanged from the previous month. However, three components of the September index indicate a recession might be imminent. Industrial production fell 0.8% and new housing starts were off sharply. There was also a slowdown in the growth of retail sales. Unless the other five index components contribute large gains, the September index is likely to be lower.

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements:

Total industrial production

New claims for unemployment compensation

The cost of services relative to all consumer prices

The level of new orders for durable goods compared with manufacturers' inventories

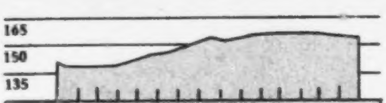
Total retail sales

New housing starts

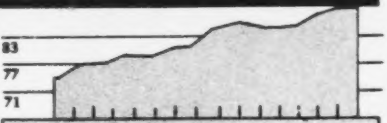
Personal income

The change in the amount of consumer installment debt outstanding

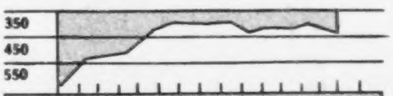
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



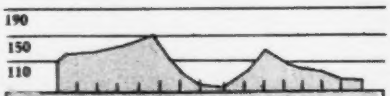
**Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)**



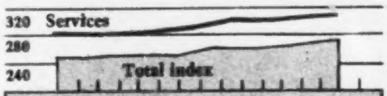
**Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)**



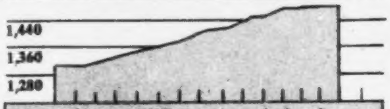
**Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)**



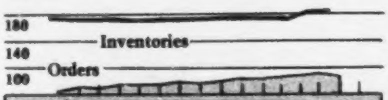
**New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)**



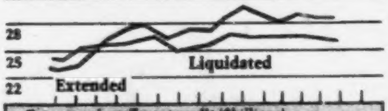
**Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)**



Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



**Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)**



**Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)**

With an indirect assist from OPEC, the American Indians have a new chance to deal with their ancient problems. They have learned a lot. Have they learned enough?

New hope on the reservations

By James Cook

EVERY TIME I see an Arab," says Sylvester Tinker, principal chief of Oklahoma's Osage tribe, "I don't care who he is or what he looks like, I want to run up and kiss him, because he has done more for the Osage people in 4 years than the federal government has done in 150."

The Osages are the U.S.' largest Indian oil producers, and since 1973, when OPEC started driving up energy prices, the Osages' oil and gas income has gone from $6 million to $70 million, while that of the rest of the oil-and-gas-producing tribes has gone from $18.3 million to over $99 million. And this is just the beginning. With the end of government price controls, Navaho oil and gas income has doubled in the past year, and between decontrol and new production, one official of the Bureau of Indian Affairs estimates, tribal income could triple over the next four years.

It is one of history's more stunning ironies. The 51.9 million acres in the U.S. reserved for the Indians were lands the white man could not see any conceivable reason to reserve for himself. They were too wet or too dry, too barren or too remote. Now, at a time when the U.S. seems to be running out of practically everything, the 272 federally recognized Indian reservations constitute one of the largest and least known mineral repositories on the continent—nearly 5% of the U.S.' oil and gas, one-third of its strippable low-sulfur coal, one-half of its privately owned uranium.

In Oklahoma, the Osages settled on some scruffy, hilly land that turned out to cover the legendary Burbank oilfield, where oil was first discovered in the 1920s. Elsewhere, tribes were solidly established in some of the most important energy-producing regions in the U.S.: the Overthrust Belt and Anadarko and Williston basins in oil, the Fort Union, Powder River, Black Mesa and San Juan districts in coal and the famed Grants mineral belt in uranium. "From a national standpoint," says David Baldwin, an Osage who heads the technical division of the BIA's Office of Energy & Minerals, "you are talking in the neighborhood of 25% of the U.S.' mineral wealth located on Indian lands."

An exaggeration? Perhaps. But nobody really knows. Accidents of history and cultural bias, elements of greed and fear and the workings of fate and inertia—all have conspired thus far to keep much of Indian land unexplored. But the same forces now are conspiring to force U.S. Indians to take a fresh look at where they are and where they—not the white man—wish to go.

In almost every tribe, there are progressives who favor development and traditionalists who oppose it, and the balance shifts from tribe to tribe. The Navahos out in Arizona and New Mexico are aggressively pro development. The neighboring Hopis are not. In Montana the pro development Crows have nonetheless refused to permit uranium prospecting for fear it would desecrate their sacred mountains. "We are at heart in harmony with nature," says Crow tribal Secretary Dan Hogan. "We do respect the Almighty for giving us these things."

But events are moving fast on U.S. reservations. Mineral royalties, already a larger source of tribal revenue than either farming or ranching, yielded the tribes nearly $180 million last year, not counting bonuses. Of that sum, $160 million came from oil and gas, much of it (37.5%) from the Osage reservation, the rest mainly from the Navaho, Jicarilla, Wind River and Uintah and Ouray reservations. Another $20 million was derived from hard minerals, mostly uranium and coal, mostly from the Navaho, Crow, Laguna and Spokane reservations.

The tribes also control 44 million acres of range land, 13 million acres of forest (5 million of them commercially usable) and 1.2 million acres of crop lands, including most of the U.S.' remaining top-grade underdeveloped agricultural land. The 183-member Agua Caliente tribe nets a good $5 million a year from its 25,000 acres of real estate in and around Palm Springs, including some of that famous resort's most exclusive hotels. Some tribes have cashed in on their special legal status, peddling tax-free cigarettes, as the Puyallup tribe does in Tacoma, or running big-time bingo games, as the Seminoles do in Hollywood, Fla. Others have capitalized on another resource every bit as intangible—treaty obligations entered into by the U.S. a century or more ago and subsequently dishonored. Thus, Maine's Penobscot and Passamaquoddy tribes have picked up $81.5 million for lands illegally confiscated 200 years ago; the Sioux, $122 million for the expropriation of the Black Hills in 1877. Now, some tribes are contemplating projects so huge that a single one—the Crows' coal gasification project, for example—would represent more of a capital investment than all other Indian-owned investments combined.

Condemned by history and government policy to cultural and geographic isolation, the Indian tribes were singularly ill-equipped to capitalize on the changes OPEC wrought. As the first European explorers quickly discovered, most of them had only the haziest notion of private property. All things were, by and large, held communally by the tribe. What sense of ownership there was came from use rather than from law. And profit? That was as alien a notion as selling the earth, sky or air. You shared the things you had with one another, you didn't husband them to yourself.

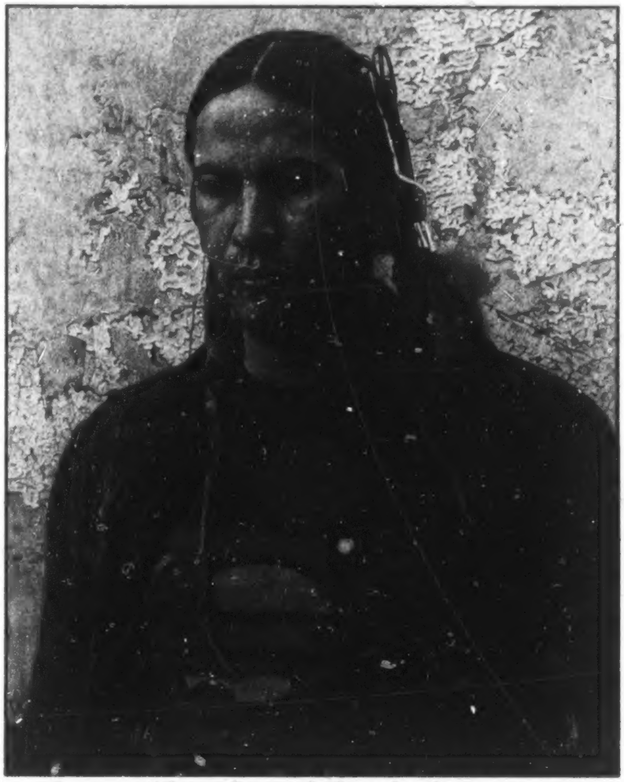
Unlike the Europeans who conquered them, moreover, the American Indians possessed an extraordinary diversity of culture, language and tradition. There were democracies and theocracies, matriarchies and patriarchies. Some tribes were nomadic, others were village dwellers. Some were farmers, others were stockmen, herders or hunters. These differences persist, so that a Crow and a Zuni probably share less of a common heritage than do a Spaniard and a Swede.

But they have paid a price for these differences. When Henry Hudson first parlayed with the Mohawks in 1609, there were probably over 10 million Indians in all of North America. Today, there are only 1.4 million, half of them on reservations. Unlike the blacks or Hispanics or Jews, who identify themselves as blacks, Hispanics, Jews, few Indians identify as "Indians," but rather as Navahos, Mohawks or Sioux. What little political influence they have derives less from collective clout than from good intentions in Washington. As a result, they have become the U.S.' most disadvantaged minority, with a disproportionate number ill-housed, ill-educated, unhealthy, ill-paid and underemployed.

Like other underdeveloped but resource-rich peoples around the world, the tribes for years left it to outsiders to develop their resources. Indian oil and gas were the foundation of many of the U.S.' major oil companies—Phillips, Conoco and Getty, among others. Even today Indian uranium is basic to Kerr-McGee and Western Nuclear, Indian coal to Westmoreland Resources, Utah International and Gulf Minerals, and Indian phosphate to FMC and J.R. Simplot.

The tribes never used to worry much about what was done to develop their resources or what happened to the proceeds. But no more. The tribes are coming to believe—amid some bitter dissent—that they had better acquire some of the white man's values and skills, and quickly, or they will squander the inheritance history has left them.

The Laguna Pueblo of New Mexico have already had something of a vision of the future. After 25 years, Anaconda is closing down the Jackpile Mine, near Paguate, N.M., which is the largest open-pit uranium mine in the world. Though the Lagunas concede that they were paid, and paid well, for their mineral resources, they never prepared themselves for the day when the mine would be exhausted. In those 25 years, the Lagunas received millions of dollars in revenues, but there is little in the way of tangible ongoing assets to show for it. The result is that the tribe now faces the loss of its royalty income as well as some 500 jobs in the mine.



Other tribes might have faced similar problems if the price of oil had not risen so sharply. The Osages had been producing oil and gas since 1897, the Navahos since 1921, the Wind River tribes since 1943, Fort Berthold's since 1955. And production had already peaked out. But thanks to higher prices and technological advances, the decline has been stemmed, if not reversed. Osage production, for instance, had been dropping at 11% a year, but that trend was temporarily reversed, and production is now declining at only 1% or so a year. The prospects are still encouraging. Osage drilling permits have soared from fewer than 300 in 1973 to 1,192 last year.

In the past, the tribes have been no match for the giant corporations they have had to deal with in developing their resources. You hear stories of companies walking into council meetings and throwing a sack of cash down on the table to secure a lease, take it or leave it. "The oil company would present a big check to the tribal government," says Ross Swimmer, an Oklahoma banker who is also principal chief of the Cherokee nation, "and you thought it looked good until you found out it was maybe a tenth of what it ought to have been." That's why tribes like the Blackfeet and Jicarillas, the Chippewas and the Navahos in recent years declared partial moratoriums on mineral development—to gain time for planned development, or to avoid making decisions they felt totally incompetent to make.

Five hundred years of that sort of treatment does not exactly encourage self-confidence. Says one tribal officer: "You get so a tribal chairman feels, if he walks into a room with the company president and all those high-powered attorneys and staff, he's going to walk out without his pants."

But now fear and suspicion are giving way to activism. "It does no good to complain and be bitter about what they have taken away from us," says Navaho Chairman* Peter MacDonald. "We just want to keep what we have and make the best of it." A major, concrete step in a new direction was the formation, in 1977, of the Council of Energy Resource Tribes (CERT), founded by MacDonald in the wake of a 1975 meeting with Frank Zarb, then head of the Federal Energy Administration. At one time CERT was billed as the Indian OPEC, and even hired economist Ahmed Kooros, Iran's former deputy minister for finance and oil, to do for the Indians what he had done for the Shah of Iran.

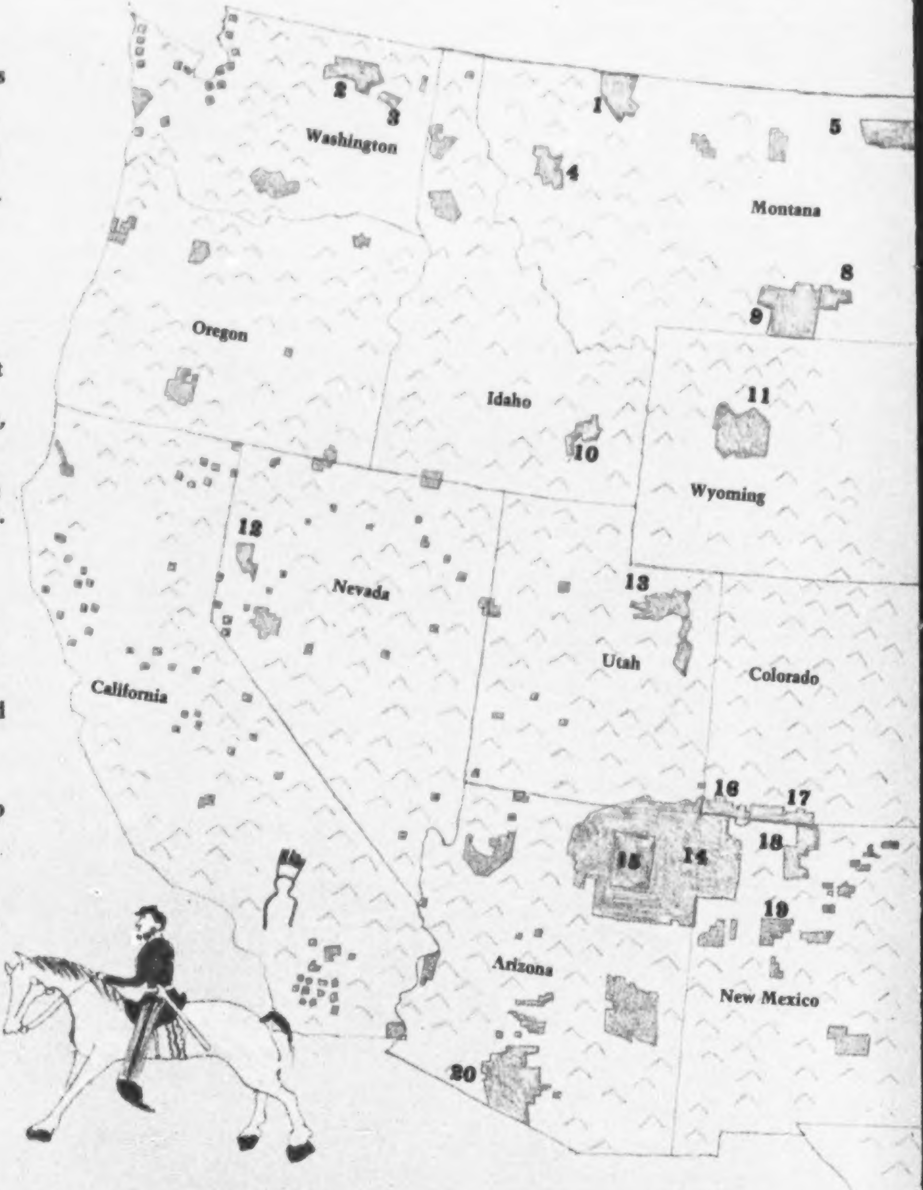
The OPEC analogy was foolish, but the Third World analogy was pretty much on the mark, and CERT set about building the financial and technical expertise to enable the tribes to

---

**Most tribes stopped using the title "Chief" back in the 1930s*

Tribal treasure

The U.S.' Indian reservations may account for only 2.4% of the land area of the lower 48 states, but they contain a disproportionate amount of the U.S.' natural resources—maybe 25% of its total mineral wealth—coal, oil and gas, and uranium mainly, much of it undeveloped. Of the 272 reservations in the U.S. (the gray areas on the map), most are thought to have some sort of mineral resource base, but the bulk of the Indians' resources is concentrated in the hands of not much more than a couple of dozen tribes. Given the sparse populations of most reservations, the wealth is rather unevenly distributed, and on many reservations the tribe itself controls only a fraction of its total lands. The rest of the land is owned by individual tribesmen, outsiders or the U.S. government. Each reservation block on the map lists the name of the reservation and tribe, area, percentage of tribal land ownership, population, developed and undeveloped resources, and mineral income.



1 Blackfeet
area: 950,643 acres (12.6%), pop.: 6,272
oil and gas
undeveloped coal
mineral income: $5 million (E)

2 Colville
area: 1 million acres (92.6%), pop.: 5,077
undeveloped molybdenum, uranium

3 Spokane
area: 137,002 acres (74.8%), pop.: 1,876
uranium
mineral income: $1 million (E)

4 Flathead (Salish, Kootenai)
area: 1.2 million acres (45.2%), pop.: 3,325
undeveloped oil and gas

5 Ft. Peck (Assinboine, Sioux)
area: 964,864 acres (24.2%), pop.: 5,131
oil and gas, undeveloped lignite
mineral income: $4.5 million

6 Ft. Berthold (Mandan, Hidatsa, Arikara)
area: 980,500 acres (4.5%), pop.: 3,052
oil and gas
undeveloped coal
mineral income: $1.4 million

7 Mole Lake (Chippewa)
area: 1,974 acres (65.8%), pop.: 290
undeveloped zinc, copper

8 Northern Cheyenne
area: 433,595 acres (60.5%), pop.: 3,152
undeveloped coal, oil and gas
mineral income: $353,000

9 Crow
area: 1.6 million acres (22.1%), pop.: 4,960
coal, undeveloped oil and gas, uranium
mineral income: $7.7 million

10 Ft. Hall (Shoshone, Bannock)
area: 524,014 acres (42.7%), pop.: 3,236
phosphate, undeveloped oil and gas
mineral income: $1.5 million

11 Wind River (Shoshone, Arapahoe)
area: 1.9 million acres (94.1%), pop.: 6,926
oil and gas, undeveloped coal,
phosphate, gypsum, uranium
mineral income: $17.4 million

12 Pyramid Lake (Paiute)
area: 475,083 acres (100%), pop.: 653
undeveloped copper, lead, zinc

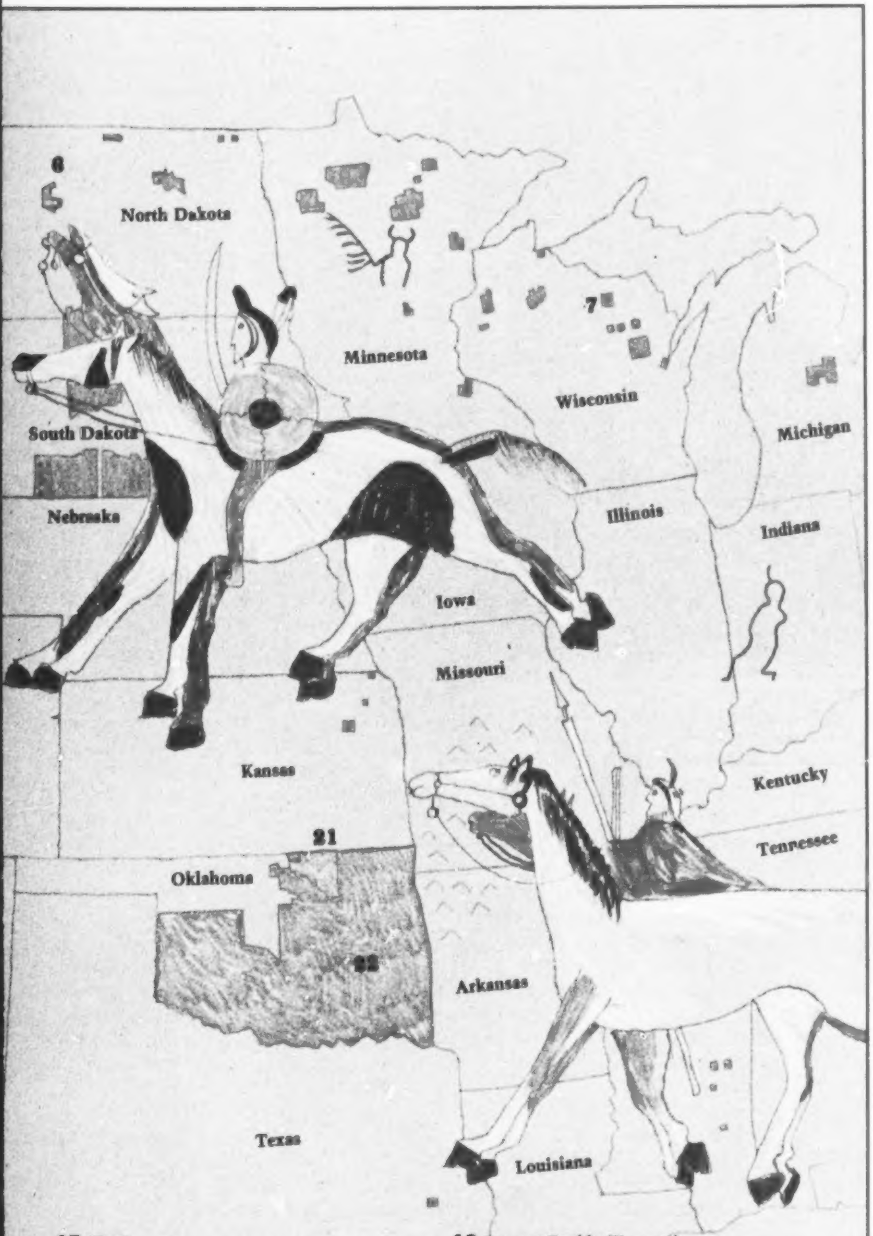
13 Uintah & Ouray (Northern Ute)
area: 1 million acres (96.2%), pop.: 1,907
oil and gas
undeveloped coal, oil shale, tar sands
mineral income: $12.4 million (E)

14 Navaho
area: 14 million acres (92.5%), pop.: 159,124
oil and gas, coal, uranium
mineral income: $55 million (E)

think intelligently about their own development and, most important of all, to provide the technical support, sophistication and expertise they needed to redress the negotiating balance with the big corporations.

As chairman of the Navahos as well as of CERT, MacDonald presides over the U.S.' largest and most powerful tribe—indeed, with 160,000 members, its only large tribe—and conducts his affairs accordingly. He pays himself $55,000 a year, surrounds himself with bodyguards, goes about the tribe's business in a Lincoln Continental or one of the three tribal airplanes, and runs a reservation roughly twice the size of Maryland that sprawls across three western states. The Navahos have more members and more resources than most of the other big tribes put together, and more political clout. They are not a bit shy about their size, their money or their power, and a lot of the smaller tribes simply don't like them for it. And they don't like Peter MacDonald either. "The little sonofabitch," says the Osages' Sylvester Tinker. "He's no good. He never thinks of anyone but himself. He never even thinks of the good of his own people."

MacDonald quite clearly thinks the Navahos offer the best model around. The discovery of oil on their land in 1921 sent the Navaho down the path of development, and since then the tribe has probably worked harder than any other to realize its resource potential. It has lured dozens of corporations to its lands—oil companies (including Texaco, Continental, Phillips and Superior), four coal companies (Utah, Gulf Minerals, Peabody and Consolidation), a major uranium producer (Kerr-McGee) and a number of others, including Mobil, Phillips and Exxon, that are currently prospecting. The reservation will produce 9 million barrels of oil this year, over 18 million tons of coal and 1.2 million pounds of uranium. It has more plans for the future than most of the other tribes put together—everything from *in situ* solution uranium mining to coal gasification. All this wealth and power sometimes leads to a high-handed attitude. "Just look at the Navahos," one oilman complains. "It's like dealing with the Iranians." Peter MacDonald, a compact, intense man, responds. "The companies don't know there's a nation here, a real government," he says. "You have to deal with all the laws and regulations of a government just as you would in Libya or Iran, Saudi Arabia or Indonesia."



15 **Hopi**
area: 2.5 million acres (100%), pop.: 8,292
coal, undeveloped uranium
mineral income: $2.1 million

16 **Ute Mountain (Wiminuche Ute)**
area: 595,787 acres (93.6%), pop.: 1,512
oil and gas
undeveloped coal, uranium
mineral income: $150,000 (E)

17 **Southern Ute (Mouache & Capote Ute)**
area: 307,110 acres (98.3%), pop.: 1,196
oil and gas
undeveloped coal, uranium
mineral income: $2.5 million

18 **Jicarilla (Apache)**
area: 742,315 acres (100%), pop.: 2,206
oil and gas
undeveloped coal, uranium
mineral income: $20 million (E)

19 **Laguna Pueblo (Keresan)**
area: 454,453 acres (90.7%), pop.: 6,067
uranium
undeveloped coal
mineral income: $2 million (E)

20 **Papago**
area: 2.9 million acres (98.6%), pop.: 16,033
copper
mineral income: $431,760

21 **Osage**
area: 217,639 acres, pop.: 10,144
oil and gas
mineral income: $70 million

22 **Oklahoma (26 tribes, except Osage)**
area: 831,453 acres (4.2%), pop.: 116,069
oil and gas
mineral income: $18.3 million

There's something to that analogy about governments. In negotiating for the Indians, CERT has had to cope with the tribal democracy that often makes decision-making impossible for the Navahos. Tribal government is, to begin with, an alien institution, originally imposed by the U.S. government. Tribal members often ignore it or even oppose it as bitterly as they do the U.S. government itself. On the Hopi reservation, there's an underclass that won't vote in elections, that won't even accept basic government services—water, electricity—lest their acceptance somehow compromise them.

Tribal democracy involves decision-making by consensus, just as it does in Japan, only the decisions the tribes are called on to make these days are in areas in which they have little or no knowledge, skill or experience. So the consensus doesn't always gel, or last when it does. In the mid-Seventies Navaho dissidents seized the new El Paso-Consolidation strip mine near Burnham, N.M. for a few days and tried to stop its development. Three years ago they took over a Texaco pumping station in the Navaho oil fields near Aneth, Utah for several weeks and demanded concessions. MacDonald almost certainly had little sympathy with the dissidents, who obviously undercut his position with the companies, but publicly he appeared to endorse their grievances—rather like an Irish prime minister dealing with the I.R.A.

Tribal politics are further complicated by outsiders who have taken up the Indians as their special cause. "You've got outside special interests constantly bombarding the reservation," Peter MacDonald says, "environmentalists who want to see Indians continue to sit in their hogans weaving rugs and chopping wood, the unscrupulous multinationals who want to dig up your land and leave great gaping holes, and you're supposed to go on and chart a sensible course for the future."

But with CERT to give them ballast, the Navahos and many of the other tribes continue to do so, some in a big way. The Navahos, the Southern Utes and the Crows are each considering building 800-to-1,000-megawatt mine-mouth power plants to generate power for both reservation and utility use. The Navahos have talked periodically about more ambitious plans to build coal gasification or liquefaction plants. The Crows actually have a feasibility study under way to develop a $4 billion gasification plant in partnership with Pacific Lighting. If such ventures seem like pie in the sky, the development equivalent of Ciudad Trujillo or Brasilia, consider the Paraho-Northern Ute scheme to build an *in situ* oil shale project on the Uintah and Ouray reservation.

Navaho Chairman Peter MacDonald

The U.S.' largest tribe, the Navahos have done more to develop resources than any other tribe. But MacDonald wants at least a fair price for the tribe's assets.

Even if oil shale and coal gasification remain pipe dreams, the tribes have made undeniable progress over the past few years in renegotiating old contracts—a potent source of revenue. In the early Seventies, as oil prices began to rise, the percentage royalty rose along with them, from an eighth (12.5%) to a seventh, and now, fairly commonly, a sixth (16.67%) and even, in many cases, three-sixteenths (18.75%).

But coal, copper, phosphate, uranium and other hard minerals were a different matter. They were generally leased at a flat royalty per ton. When the price of coal went to $10 and $20 a ton, the lessee continued to pay the same 10- or 15-cents-a-ton royalty it had paid when coal was $2. Navaho efforts to renegotiate became a growing problem. "It's not really fair that the landlord shouldn't share," one coal man concedes, "but when you base a power plant's economics on 15-cent coal, you can't change overnight. That's why the utilities don't want Navaho coal and why they regard it as an unstable source."

But it wasn't only the Navahos who were dissatisfied. In Montana both the Crows and the Cheyennes had signed large coal leases back in the Sixties with a minimal 17.5-cents-a-ton royalty—the Crows with Westmoreland, Amax and Shell, the Cheyennes with Peabody. As the price of coal began to rise in the early Seventies, both tribes launched a series of legal attacks on the leases. Because of legal defects, the Department of Interior suspended the Cheyenne lease in 1974, the Crow lease in 1977.

In the meantime, MacDonald and the Navahos had succeeded in scoring what they thought was something of a coup. In renegotiating a lease on the Burnham mine that El Paso and Consolidation Coal were developing, they managed to get a percentage royalty—a minimum 8%—instead of the usual flat rate. But it proved to be a hollow victory. By then the going percentage rate on public lands was 12.5%. To MacDonald's embarrassment, the BIA threw out the lease as failing to meet federal standards. After that, 12.5% became the new standard for coal leases.

In the circumstances, MacDonald has also been trying to renegotiate some of the other 15-cents-a-ton leases the tribe signed in the Sixties—with Peabody at Black Mesa and Kayenta, with Utah International at Four Corners. But the ante keeps rising. The companies have agreed to the now-standard 12.5%, but both the Navahos and the Hopis, the Navahos' partners at Black Mesa, want more.

The immediate financial benefits aside, the negotiating climate for the tribes had begun to change and change decisively. With CERT to guide and counsel them, the tribes were no longer at the mercy of the BIA and the big corporations, and they began to act as if they had some negotiating strength on their side as well. The corporations were often appalled. Two years ago, when Kennecott demanded that the Colville tribe renegotiate its royalty downward on the Mount Tolman copper-molybdenum project, the Colvilles flatly said no. Despite the fact that Kennecott had spent 13 years investigating the prospect and that the project was finally about to go into development, the Colvilles put the project up for competitive bidding, got nine offers and last spring settled on Amax. Over the life of the mine, the tribe calculates, the Amax lease will yield them $550 million more than they would have got otherwise.

The Navahos also recently opened the way for the tribes to exploit one of their most valuable and, until now, generally unrecognized resources—reservation rights of way.

When Atlantic Richfield's lease on the right of way for its Four Corners pipeline ran out a while back, the BIA routinely approved a new one that raised the 20-year payment from $240,000 to $280,000 plus a small annual rental. But with CERT's encouragement the Navahos came up with a new formula. Instead of basing the lease on the value of the land, they based it on the value of the commodity passing through the line. Result: Instead of a lump sum payment of $280,000, Arco agreed to an annual percentage payment that over a 20-year period, MacDonald figures, could yield between $70 million and $108 million. In the circumstances, Arco had little choice. The alternative was unthinkable: building a new pipeline across Glen Canyon.

What you can't get by renegotiating leases, as oil producers in the Middle East and elsewhere long ago demonstrated, you can sometimes get through taxation. In 1977 the Jicarilla Apaches asserted their powers as a quasi-sovereign state and imposed a severance tax on all oil and gas produced on the reservation: 5% of the market value per million Btu of gas, 29% per barrel of oil—enough to yield them a modest $2 million a year in additional income.

Around the same time, the Crows enacted a 25% severance tax of their own, this in response to a 30% tax the state of Montana imposed to discourage coal production. The Navahos, characteristically, went further, throwing the book at their resident corporations by enacting a leasehold tax, a possessory interest tax and a business tax that together would yield the tribe upwards of $30 million a year.

Seeing a powerful new weapon in the making, the companies have taken the Jicarillas, the Crows and the Navahos to court. The issue now rests before the Supreme Court, which is expected to rule on the matter during the current session. If the Supreme Court rules in favor of the tribes, or if Congress finally gets around to legislating the tribal power to tax, the tribes will have another promising new type of income. But obviously the taxing power has to be used carefully. Used harshly it could bring development to an end. "If we had to pay both the state and tribal taxes," says Westmoreland Resources' Vice President Ralph Moore of his company's coal operations on Crow land, "we would be out of business." For Phillips Petroleum, the prospect of Navaho taxes was so threatening it abandoned a 20-well drilling program on the reservation as uneconomic.

Undaunted by the consequences of such excesses, the Northern Cheyennes are devising an even more ingenious tax of their own, to be imposed not on production from their own reservation but on that of the lands surrounding them. Having abandoned their interest in coal development, the Cheyennes succeeded a while back in getting the Environmental Protection Agency to give the reservation a "Class I" air quality status. Air quality so designated cannot be subject to degradation of any kind. With their Class I status as a weapon, the Cheyennes hope to be able to exact tribute from various coal developments slated to take place around them. Montana Power has already agreed to train and employ Cheyennes at its huge Colstrip power plant, 15 miles north of the reservation, in exchange for the Cheyennes' dropping a lawsuit that would have delayed the construction of Colstrip units 3 and 4, already several years behind schedule.

Potawatomi Chairman James Thunder

One of the U.S.' smallest tribes, the Potawatomis oppose development. You have to balance, Jim Thunder says, long-term environmental damage against short-term profits.

This leaves the neighboring Crows, who are as pro development as the Cheyennes are anti, sputtering with outrage. "All Indians are in the same boat," says Crow Chairman Donald Stewart, "and they have one common enemy, which is usually themselves. Maybe we can talk the Cheyennes into redesignating their Class I air. But if we can't, I, as a leader, can't let my people suffer. If the Cheyennes won't budge, the Crows will designate their air Class I and shut down Billings and its refineries."

So far, however, only the Jicarillas have begun managing their resources themselves. A year or so ago, they bought a half dozen producing wells from Tenneco and now plan to build a propane refinery, too—at a cost of at least $2 million—to process and upgrade their royalty share of their reservation's natural gas production. In the future, says tribal Vice President Richard Tecube, the Jicarillas expect to do all the production work themselves. "We've placed a moratorium on new leases," he says, "and we're now involved only in joint ventures, successfully so far."

But the Jicarillas are virtually unique. Most of the tribes are poor, their managerial talents are limited and they haven't the capital to fund any resource development. It's not exactly that capital isn't available—most tribal leases involve large upfront bonuses that could theoretically supply seed money for tribal investment. The problem is that it's traditional to distribute those bonuses to the tribe on a per capita basis. "The tribal members hear about these investments," says one tribal financial officer, "and they start seeing dollar signs, so it's politically impossible to hold on to the funds." Last year, for instance, the Blackfeet, the Northern Cheyennes, the Wind River and Fort Peck tribes got $17 million in bonuses. That comes to $730 per capita, which, considering how low tribal per capita income is, is a not inconsiderable sum. "You can't blame the Indian people," says Cheyenne Councilman Edwin Dahle. "They have owned their property for a hundred years and never received a dime for it."

The bonuses excepted, little of the mineral income the tribes receive ever filters down very far. It goes to supporting the tribal government. All too often some of that goes to friends and relatives of the chairman. One conspicuous exception is the Osage. All Osage mineral income belongs to the tribe and is divided every quarter among the holders of 2,229 "headrights"—shares in the tribal mineral income divided among descendants of the tribal membership back in 1906. With Osage mineral income at $70 million last year, each headright probably yielded upwards of $30,000, generally tax-free.

Though the Osage have an experienced 18-man mineral staff of their own, even Chief Tinker couldn't persuade them to fund a modest $407,000 drilling program a year and a half ago. It's one thing for tribal politicians to pad the payroll, pay off relatives, live off the fat of the pork barrel, and quite another to take financial risks with the tribal funds, when failure can cost them the next election.

The solution lies in finding ways to finance tribal resource development without [illegible] the tribe to put up any [illegible] money. Oregon's Warm [illegible] tribes pioneered one such [illegible] built a sawmill a few years ago [illegible] of what has since become a [illegible] forest products operation. But they didn't put up their own money. They borrowed it from the banks, using the output of the mill as collateral. On a much more sophisticated level, that's the procedure the tribes expect to use when and if they move ahead with their long-dreamed-of mine-mouth power plants, coal gasification or oil shale developments: collateralize their borrowing on the output of the projects.

More generally useful as a means of avoiding the capital problem are joint ventures or service contracts of the sort New York's Damson Oil pioneered a few years ago with the Blackfeet. "What we did," says Damson Vice President John Jacobs, "was to treat the Blackfeet the way we would a foreign concession and offer them a chance to develop their own resources. The Blackfeet put up the acreage at no cost to them. We put up the risk and development dollars—$6.8 million as it turned out—at no cost to them." The Blackfeet were to get one-sixth royalty on all production, plus 50% of the profits after capital expenditures were recovered. The result so far has been 13 producing wells, royalty income to the tribe and an upsurge in interest in the reservation by other companies. Damson expects to sign another three-year contract with the Blackfeet in the next month or two, and a number of other tribes—Fort Belknap, Rocky Boys—want Damson to look at their reservations for similar deals.

The Damson pattern has begun to spread. Since then, the Navahos have worked out comparable arrangements with Exxon for uranium exploration and development. The Northern Cheyennes have done so with Arco in oil and gas. And basically so has the Colville tribe in their copper-molybdenum deal with Amax.

The more sophisticated a tribe becomes, the wider its choices become. Under their banker-chief Ross Swimmer, the Cherokees are considering putting up joint venture tax shelters for outside investors to exploit the oil and gas in the 90 miles of Arkansas River bottom they won title to a decade ago. The Cherokees would hire a drilling contractor to drill out their lands and share royalties and production equally with their partners.

Most of the Indian tribes of North America have a gut aversion to tampering with the earth, to developing their natural resources, and so it is something of a wonder that, however slow and painful it has been, any economic progress has been made at all. Sometimes their aversion surfaces as religion, sometimes as politics or environmentalism or esthetics. But it is almost always there and continues to act as a damper on tribal development. "You get the sense that their whole being is tied to the land," says Arizona Public Service Vice President Russell Hulse, "and if you build a coal mine or something, you mess it up."

In some of the tribes, especially such older ones as the Hopis, who have lived more or less in the same location since the beginning of time, the old religious values are still strong. The Taos, San Felipe and Santo Domingo Pueblos have not only refused any mineral development on their lands, they have even refused to let any government agencies in to make surveys. So have the Forest County Potawatomis in Wisconsin. The Hopis would probably never have joined the Navahos in leasing the Black Mesa for Peabody Coal's big strip-mine development if the Navahos hadn't forced them into it.

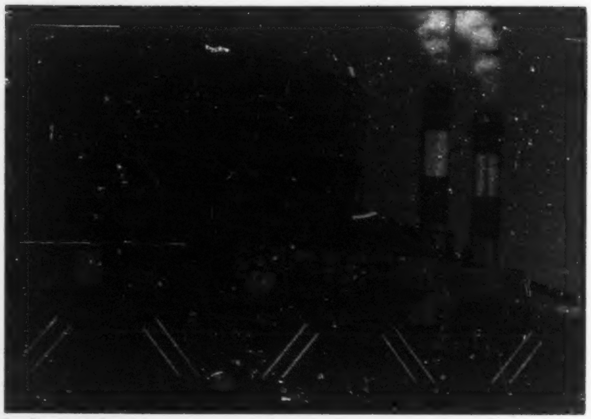
"The land is more precious than money," Hopi resource manager Richard Jeanne explains. "Not because of the resources, but because it's the land. Besides, they have been had by the white man so many times, anything to do with white involvement is something to avoid. This influences their approach to development."

It may be, as one skeptical oilman observes, "Indians think that sacred land leases for more money per acre." But it's also true that the old religion, like the old languages and customs and crafts, is virtually forgotten on most reservations. Tribesmen today are trying to rediscover what they are in much the same way that late-19th-century cowboys used to read Frank Munsey's Western pulps to discover how cowboys were supposed to behave. You cannot write off these religious objections as mere hypocrisy.

In any case, you don't need to wax mystical to fathom Indian wariness about development. Indians are no more eager to live with strip mines or power plants than anyone else is. And in many parts of the West, such developments have a visibility they don't have in areas where hills obscure and

Nevada's Pyramid Lake

The full potential of Indian lands is unknown. On the Paiute reservation (below) only two years ago geologists found outcrops of what may prove to be a huge copper ore body.



Indian industry
Railroads and power plants on Navaho lands.

vegetation flourishes. Scar the landscape in the West—with a power plant or a dragline—and likely as not you will be able to see it 30 or 40 miles away. Unlike the Indians, then, people elsewhere are likely to have their price. If they don't like the power plant or transmission line or superhighway, they can take their money and move away. The Indians' choices are more limited. So, if they say they are turning down oil leases because they don't want the look of a mountaintop spoiled by pumps and pipelines, they have more than a little credibility.

Take the Papagos, that poverty-stricken tribe in the the Arizona desert. The Papagos' mineral income is small, and they would like to expand it by moving forward with a copper development at a place called Garcia Strip. But the people don't want it. "We listen to the people and their wishes," says Vice Chairman Max Norris.

"You talk to these people," says Michael R. Rios, director of Papago research and planning, "and they say, 'If we agree to this mine, what will we live on? At San Xavier, the land used to be beautiful. Now there are tailings, and if it's an open-pit mine, a hole in the ground. And when the mine is gone, we have nothing, neither money nor the land. And there are other things we know will happen if you do these things. The people get money, and families are destroyed. You see a used car and drinking and breaking up a home.' If you develop, you've got to decide what's going to happen to the people."

In Wisconsin, Kerr-McGee wanted to prospect the Forest County Potawatomi reservation for uranium. Sooner than permit that, the Council promptly declared a ten-year moratorium on any exploration and development.

On the Mole Lake reservation not far away, Sakaogon Chippewa Chairman Raymond McGeshick is fighting to prevent Exxon from developing a huge zinc-copper mine a few miles away. Two-thirds of the six-square-mile Mole Lake reservation is water and wetlands—swamps, a lake, a river—and McGeshick fears the Exxon mine could pollute the water. As it is, there's a sizable zinc deposit on the reservation itself, undeveloped, and the 290-man tribe wants to keep it that way. There are only 600 acres of livable land on the reservation, and if the Chippewas chose to develop, they could easily dig themselves out of a reservation. "The people that live on my reservation," says Chairman McGeshick, "are opposed to mining. They want to live on that land the rest of their life."

Development can threaten a reservation in more ways than one. "There's a small tribe in the north," says BIA's David Baldwin, "a really small tribe, and they're sitting on a sizable amount of copper. They could easily be talking somewhere around $250 million net over the life of the mine. When we talked to the tribe, they told us their whole lifestyle for thousands of years had been tied to the wild rice that grew in their lake, and I couldn't tell them if we started mining we would never get any copper sulfide in the lake. I have seen too many accidents. They thought about it a long time, and then said, 'We want all information on our copper resources locked up.' But about three months ago, my geologists said, 'We got the alloy analysis back, and there's enough silver in the ore so that the economics have changed.' The tribe could net $1 billion. So I have to go back and say, 'What do you want to do?' But God is not making any more land, and the government's not making any more reservations."

For the Crows and Cheyennes, the Chippewas and the Potawatomis, as for most of the tribes, the preservation of the reservation itself—as a home, as a refuge—far outweighs any financial returns development could bring. Indian people have not fared well in the outside world, in the urban centers in particular, and they know it. Not economically, not culturally, not socially. "It's easier to stay on the reservation and be unemployed," says the Hopis' Richard Jeanne, "than it is to face the discrimination you have to face on the outside."

"If you're out there and you're burnt out," says Cheyenne Councilman Edwin Dahle, "where the hell do you go? You hit the streets as a bad person. Cheyennes don't want this. If you're burnt out, if you can't make a living, you can come back and you've got a home, you're accepted, you've got no worry."

Most of the tribes depend on government subsidies of various sorts for survival—at least $1 billion a year altogether, but the Reagan Administration budget cuts are expected to roll that back by 30% to 40%. In the cities, with Indian unemployment mounting, tribesmen are beginning to flock back to the reservations. Says the Chippewas' Ray McGeshick: "There ain't nothing we can offer them either. On the reservation we got 87% unemployment, but at least they have their home base."

Hence a paradox: Disturbing as it may be to traditional values, for the tribes the need for resource income is, if anything, greater than ever. Development offers the best hope of the tribes' ever breaking free of the hopeless poverty that besets so many of them, the unemployment and the alcoholism. Yet a people who borrowed the horse from the Spaniards and the rifle from the British and French has all the adaptability anyone needs to survive in a changing world.

You have to realize that it's just within the last four or five years that the Indian people have been doing business at all," says Ted Bryant, a Cherokee who heads up the Native American Program for accountants Deloitte, Haskins & Sells. "The profit motive has not been prevalent, and the BIA did not encourage them to develop the entrepreneurial frame of mind. But they are learning and learning fast. These days they are really moving in quantum leaps."

"We can integrate change within our way of life, our culture, our traditions," Peter MacDonald says, "just as we have with pickup trucks and automobiles, Levis and Western shirts and Stetsons. The Navaho sense of culture is what you are inside your soul, not what you are wearing or driving or watching on TV. I have no fear our way of life is going to be destroyed or lost. It will just be an enrichment."

That could be a happy ending to a dismal story that has, to date, been of little credit to either side. ■

The Up-And-Comers

It has been a tough year indeed for small, emerging growth companies. Witness the FORBES Up-And-Comers class of '81. But cream still has a way of rising to the top.

Life in the fast lane

By Steve Kichen and Jon Schriber

EMERGING GROWTH COMPANIES may have been the darlings of Wall Street last year, but this year they've taken their lumps along with the rest of the market. The NASDAQ over-the-counter index fared little better than the 30 Dow Industrials, off 9% from year-end 1980. Another Up-And-Comers barometer, the Amex Index, dropped 10%.

With money market funds paying 16% or more it is not hard to see why investors have been backed away from secondary stocks. And with an increasingly sluggish economy, it's no surprise that fewer companies made the FORBES Up-And-Comers class of '81 than the 386 companies that were in the FORBES Up-And-Comers class of '80 (on 1981 criteria). This year the list decreased in size by a stiff 25% to only 291 companies.

What does it take to make the FORBES Up-And-Comers list? As a test of self-financing capability we look for an average return on equity for the past five years of at least 15%. If anything, with the prime hovering in the high teens and small companies often unable to borrow at rates as favorable as those available to well-established corporate giants, this cutoff may be a bit lenient.

Then we eliminate any company whose debt as a percentage of book value is greater than 100%, to make our profitability requirement meaningful and to screen out companies with dangerously high leverage. Finally, and quite arbitrarily, we decided that any firm with sales over $100 million should no longer be considered an Up-And-Comer.

In addition, we excluded royalty trusts this year because they derive their income in a passive manner through ownership of properties containing oil and gas or other natural resources.

It took a mixture of shrewd market judgment, adroit maneuvering and a little luck to stay in the upper reaches of the Up-And-Comers. Take league-leading Republic Gypsum of Dallas, Tex., for example. As a manufacturer of wallboard, the company's fortunes are closely tied to the badly hurt housing industry. But Republic President Max Montgomery was able to soften the blow by simply expanding the shipping radius from his plant. Republic operates its own fleet of 40 tractor trailers so it can back-haul not only its own raw materials but distribute other manufacturers' building materials as well. "If you keep those trucks loaded both ways you can reach a lot farther out, and cut costs as well," says Montgomery.

And some of what appears to be luck may have a lot more to do with good market sense. You might think it predictable that Cheezem Development, which builds luxury high-rise condos in Florida, would be doing well. But it didn't look so predictable in 1978 when condos were still in oversupply and President Charles Cheezem was trying to raise capital for 2,400 units on Brickell Key, in Biscayne Bay a few hundred feet from Miami. In the end, Cheezem raised the seed money from Hong Kong's Swire Properties, Ltd. Swire's investment has since paid off handsomely, in large part because Cheezem correctly guessed that wealthy Latin Americans would be attracted to the excellent security features of Brickell's island location.

Luck? Sure, some companies are born lucky. Chairman Donald Pels freely admits his enormously successful Lin Broadcasting falls into that category. "I'd like to give you some romance," he says, "but this is not a very difficult business to run well." With four television stations, the largest situated in the booming Ft. Worth-

Dallas area, five sets of AM/FM stations and an arm that sells radio paging or "beeper" services for doctors or airline pilots on call, Pels says cash-laden Lin would have done even better if his stations hadn't been affiliated with NBC.

And then there's WD-40, which continues with enormous success to make only its all-purpose, petroleum-based, combination lubricant, rust preventative, penetrant (for sticky locks) and moisture-displacer, WD-40. "We have broken all the rules," says President John Barry with a smile. "We've just concentrated on one product." And it works beautifully.

But for most Up-And-Comers, last year was clearly a lot tougher than most. Only 50 companies on our list this year could boast no long-term debt at all, as opposed to 66 companies in 1980. Wall Street seems well aware of this. True, some Up-And-Comers still command sky-high multiples. Look at Sykes Datatronics, for example, which makes intelligent computer terminal equipment and commands a P/E multiple of almost 51 on the strength of its five-year average return on equity of 44.8%.

But several of our listed stocks now have price/earnings ratios close to or even below the Dow Jones industrials multiple of 6.8. In fact, plenty of the companies on the following pages could be classified as Forbes Loaded Laggards. Take, for example, Carlsberg—a land developer and construction company, which sells at a P/E of just 4.9, and nearly an 11% discount from book value, despite a five-year average earnings growth rate of better than 31%. Other interesting bargain-basement Up-And-Comers are ADM Industries, RLI, Vintage Enterprises and Cascade Corp.

With an increasingly sluggish economy, it's no surprise that 95 fewer total companies made the Forbes Up-And-Comers class of '81.

T. Rowe Price expects a rebound in building stocks *(see p. 247)*. If Mr. Price is correct, ADM Industries—a manufacturer and distributor of hardware products and other housing materials—is an interesting play. At a market price of only 1⅜ and a 49% discount from book value the stock has the potential for considerable leverage. Although earnings decreased 58% in 1980, sales were up 37% for the first three quarters of 1981. Vintage Enterprises builds and retails manufactured homes and could also share in a building boom.

The world's largest insurer of contact lenses, RLI, sells at a P/E ratio of only 4.3. As corporations take advantage of the new tax laws to invest in accessories which make lift trucks more efficient, Cascade Corp.'s earnings could surge.

But perhaps the most interesting companies in the pages that follow are the dozens of newcomers: companies like Initio, a mail-order sales firm, and Mark Products, which manufactures seismic equipment used in oil exploration. Then there's IPM Technology and Hudson General, both of which offer specialized services to airlines. In this era of deregulation and upstart carriers, providers such as IPM and Hudson are playing an increasingly important role. Other newcomers include Vermont Research, a manufacturer of magnetic memory devices for computers, and Trus Joist (Forbes, *Nov. 24, 1980)*, which prefabricates construction beams. These companies are the new blood which gives this elite club its bright future.

Up-And-Comers class of '81

Company principal business	Return on equity 5-year average	Return on equity latest 12 months	EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
Republic Gypsum building materials	192.4%	18.1%	126%	$21.2	$1.39	6.5%	$4.18	67%	6½	$0.76	8.5
Key Pharmaceuticals ethical drugs	152.7	21.4	77	23.7	3.18	13.4	1.35	4	21⅛	0.29	72.8
United Cable Television CATV	92.2	13.9	110	62.8	7.90	12.5	5.89	85	21½	0.82	26.2
Cheezem Development construction	90.1	34.7	146	29.6	4.13	13.9	6.97	84	6¾	2.42	2.7
Adage computer equipment	86.4	33.3	34	15.9	0.83	5.2	3.00	23	16½	1.00	16.5
Lin Broadcasting broadcasting	69.6	42.4	22	64.5	16.01	24.8	7.06	58	31¾	3.00	10.5
WD-40 lubricants	65.5	54.2	27	44.5	7.84	17.5	5.84	0	36	3.17	11.3
Quotron Systems financial information svs	64.0	18.9	40	63.8	8.91	13.9	7.71	1	35¾	1.46	24.4
Pioneer Group finance	62.8	58.5	50	10.6	2.94	27.5	2.99	0	15¾	1.75	9.0
General Defense weapons manufacture	61.9	47.9	32	70.9	5.60	7.8	2.86	14	14¼	1.37	10.4
Initio mail-order sales	54.9	25.6	48	7.7	1.87	24.0	1.48	30	4½	0.38	11.8

*Latest fiscal year.

Source: Standard & Poor's.

Up-And-Comers class of '81

Company principal business	Return on equity		EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
	5-year average	latest 12 months									
Dranetz Engineering Labs precision instruments	54.4%	29.1%	50%	$15.3	$ 2.08	13.5%	$ 3.46	2%	15¼	$1.01	15.0
Kratos precision instruments	53.2	18.1	23	55.5	3.45	6.2	7.87	3	10½	1.43	7.3
Standard Microsystems electronics	53.0	9.7	26	18.6	2.44	13.0	4.30	14	7⅜	0.42	17.5
Mark Products precision instruments	52.5	39.6	113	42.2	5.80	13.7	2.47	48	11½	0.98	11.7
Guaranty National insurance	50.9	21.7	27	50.0	7.98	15.9	8.01	0	12½	1.74	7.1
Plenum Publishing publishing	50.0	45.9	21	24.4	3.51	14.3	4.09	3	17¼	1.88	9.1
SafeCard Services credit-card loss services	49.6	27.6	52	16.1	3.06	18.9	2.82	0	11¼	0.78	14.4
Calprop building	49.4	32.0	60	23.7	3.45	14.5	5.80	99	3¼	1.86	1.7
Staff Builders temporary personnel	49.4	15.2	46	67.6	2.05	3.0	3.74	0	7⅞	0.57	13.8
Zenith National Insurance insurance	49.0	31.0	39	83.6	10.94	13.0	5.79	13	15¼	1.80	8.4
Aztec Manufacturing oilfield equipment	46.2	36.3	46	39.3	6.41	16.2	4.90	5	18¾	1.78	10.5
Interface Mechanisms price scanning systems	45.6	20.6	62	15.6	1.68	10.7	4.12	0	10⅞	0.85	12.7
Comprehensive Care health care services	44.8	24.6	50	51.3	4.71	9.1	2.92	29	16⅛	0.72	22.3
Sykes Datatronics computer equipment	44.8	21.9	114	24.1	3.35	13.8	2.32	17	26	0.51	50.9
PBA freight forwarding	44.7	20.9	26	97.5	1.34	1.3	2.34	0	11	0.49	22.4
Alico agriculture	44.3	23.2	31	15.2	4.24	27.7	8.67	6	47½	2.02	23.5
Tucker Drilling oil and gas drilling	43.9	25.4	38	27.9	3.25	11.6	6.51	12	16⅞	1.66	10.1
Bolar Pharmaceutical ethical drugs	43.2	29.0	54	11.8	2.14	18.1	2.00	0	12	0.58	20.6
Kroy Inc graphic products	41.2	35.2	43	37.1	5.80	15.6	2.64	10	16½	0.93	17.7
Alabama-Tenn Nat Gas natural gas pipeline	40.8	38.1	24	91.9	5.27	5.7	13.56	9	34¾	5.17	6.7
Sensormatic Electronics electronics theft contr	40.6	24.8	39	50.7	10.18	20.0	6.69	69	38¾	1.66	23.3
CACI technical consulting	40.1	41.8	55	58.4	2.30	3.9	5.31	26	24¼	2.22	10.9
IPM Technology airline services	40.0	27.8	138	44.1	1.49	3.3	3.91	70	4½	1.09	4.1
Analogic computer equipment	39.9	15.6	55	67.0	6.03	8.9	6.46	9	26	1.01	25.7
Hudson General leases airline, RR equip	39.1	17.6	138	55.8	3.08	5.5	12.26	72	8	2.17	3.6
Vermont Research computer equipment	38.4	47.8	140	16.0	2.80	17.4	3.41	11	13⅞	1.63	8.5
Minnetonka personal care products	38.2	21.2	87	73.2	5.53	7.5	3.39	5	5¾	0.72	7.9
US Surgical health care products	37.9	11.9	36	86.2	7.96	9.2	8.77	47	26¾	1.05	25.4
Redcor electronics	37.7	36.5	119	24.0	3.39	14.0	3.34	11	12	1.22	9.8
Impell service to nuclear ind	37.2	32.9	40	51.9	7.14	13.7	6.95	0	34½	2.29	15.0
Kulicke & Soffa Inds precision instr, tools	37.1	14.1	42	49.7	7.96	15.9	8.58	5	13¾	1.21	11.3

*Latest fiscal year.

Source: Standard & Poor's

Up-And-Comers class of '81

Company principal business	Return on equity		EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
	5-year average	latest 12 months									
Day Mines silver, gold, lead, zinc	36.8%	16.4%	45%	$35.1	$10.34	29.4%	$ 6.26	0	23	$1.03	22.3
American Income Life Ins insurance	36.8	24.4	40	84.2	13.74	16.3	9.33	0	21¼	2.28	9.3
Chem-Nuclear Systems nuclear waste treatment	36.8	48.8	52	61.6	8.03	13.0	4.44	4%	36	2.17	16.5
Petroleum Equip Tools oilfield tools, equip rental	36.0	26.2	59	92.7	13.82	14.9	8.30	35	28½	2.18	13.0
Prime Motor Inns motels	36.0	29.6	56	47.4	6.48	13.6	4.76	80	13	1.41	9.2
United Keno Hill Mines silver and lead	35.9	5.2	18	26.5	6.42	24.1	12.52	0	19½	0.65	30.0
American Agronomics agriculture	35.3	23.5	89	49.4	5.27	10.6	1.40	46	6¾	0.33	20.4
Mite fasteners	35.2	27.9	23	63.4	6.29	9.9	12.17	89	29¼	3.40	8.6
Reuter Inc computer, refuse coll eq	34.5	17.9	134	14.3	1.58	10.9	7.23	2	11⅛	1.30	8.5
Magnetic Controls telecom equipment	34.4	12.7	36	55.9	3.62	6.4	11.89	18	15	1.52	9.8
Dynatech health care products	34.2	24.8	22	51.7	3.61	6.9	5.87	58	25¼	1.46	17.2
Save-Way Industries personal care products	33.5	29.3	41	50.0	4.57	9.1	4.60	90	8⅞	1.35	6.5
Sealed Air packaging	33.0	17.8	23	88.6	6.41	7.2	14.19	3	28	2.53	11.0
Spectrum Control electronic poll control	32.8	12.9	24	14.3	1.08	7.5	1.93	17	5⅞	0.25	23.4
Dreyfus finance	32.3	42.4	53	58.7	11.53	19.6	6.93	3	18¾	2.94	6.3
Ambassador Group insurance	31.9	27.8	39	34.3	6.93	20.1	7.44	2	14¾	2.07	7.1
Base Ten Systems electronics	31.9	27.0	58	11.2	1.01	9.0	5.39	16	14	1.46	9.5
Gray Communications broadcasting, publishing	31.9	21.3	25	37.0	2.40	6.4	22.48	9	45½	4.79	9.5
Maynard Oil oil, gas drill ex, dev	31.8	23.0	28	31.6	5.17	16.3	4.68	75	12¾	1.08	11.8
Modular Computer Sys computer equipment	31.8	3.4	114	81.0	3.81	4.6	12.42	1	8½	0.43	19.7
Kenai oil and gas drilling	31.7	18.9	58	95.9	7.95	8.2	13.53	100	20¾	2.56	8.1
Pacesetter Corp building materials	31.7	18.1	18	41.5	2.69	6.4	6.88	0	10½	1.25	8.4
Carlsberg land development	31.5	18.1	47	51.5	5.22	10.1	9.52	61	8½	1.73	4.9
Floating Point Systems computer equipment	31.1	12.7	39	42.4	4.24	9.9	5.89	12	20⅜	0.75	27.1
Drexler Technology supplies for semicond ind	30.9	9.2	25	14.6	1.59	10.8	5.19	0	11	0.48	22.9
Westmin Resources oil & gas, metals	30.8	72.7	101	79.2	26.67	33.6	0.92	59	9	0.67	13.4
Tylan equip for semicond indus	30.8	34.7	112	18.3	1.85	10.0	2.68	0	10	0.93	10.7
Microdyne electronics	30.7	22.6	57	23.7	3.20	13.4	3.93	4	15¾	0.89	17.6
Computer Products electronics	30.2	15.4	25	18.9	2.07	10.9	3.69	5	10⅞	0.57	19.0
Trus Joist prefab beams	30.2	19.5	26	82.2	6.56	7.9	9.23	45	19¼	1.80	10.6
Cellu-Craft packaging	30.1	31.4	30	38.4	1.55	4.0	3.05	29	3⅜	0.96	3.7

*Latest fiscal year.

Source: Standard & Poor's.

Up-And-Comers class of '81

Company principal business	Return on equity		EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
	5-year average	latest 12 months									
Flightsafety International air and marine training	29.9%	27.1%	32%	$53.8	$13.88	25.7%	$ 6.34	26%	40½	$ 1.72	23.5
Grey Advertising advertising	29.6	21.3	22	98.5	6.30	6.3	51.01	1	59	10.89	5.4
Statesman Group insurance	29.5	18.9	18	96.4	4.99	5.1	6.23	32	6⅛	1.18	5.1
Community Psych Ctrs health care services	29.5	23.5	33	59.3	8.43	14.2	6.93	54	33½	1.63	20.5
Brennand-Paige Industries wire & cable	29.4	29.5	39	60.9	4.50	7.3	4.94	19	7¾	1.46	5.3
Penril precision instruments	29.4	16.6	22	33.3	1.78	5.3	7.37	36	10	1.23	8.1
Avantek electronics	29.3	26.5	46	58.2	7.04	12.0	2.00	3	17¾	0.53	33.4
Sikes ceramic tiles	29.2	22.4	135	40.8	3.45	8.4	7.25	48	8½	1.63	5.2
Investment Corp of Am banking, finance	28.8	34.6	23	13.6	2.38	17.4	6.96	43	8½	2.41	3.5
Eldorado Bancorp banking	28.7	30.4	48	11.9	1.41	11.8	5.23	0	11¾	1.59	7.3
Central National Financial insurance	28.7	29.0	28	27.3	2.54	9.3	10.56	0	27	3.07	8.7
Frost & Sullivan publishing	28.6	29.1	49	6.6	0.57	8.5	1.34	0	3⅝	0.39	9.2
Nicolet Instrument precision instruments	28.3	16.7	19	77.3	4.79	6.1	5.96	38	14⅝	1.00	14.6
Intelligent Systems computer equipment	28.0	18.8	97	18.7	1.59	8.4	4.25	0	23½	0.80	29.3
ADM Industries building materials	27.9	10.3	120	9.7	0.20	2.0	2.71	19	1⅜	0.28	4.8
Baruch-Foster oil and gas development	27.8	41.0	129	7.6	2.19	28.7	2.78	7	12⅞	1.14	11.2
General Datacomm Inds telecomm equip	27.5	12.7	46	53.6	4.41	8.2	5.50	38	9⅞	0.70	14.1
Fluorocarbon plastics, semicond sup	27.5	13.3	19	79.3	3.59	4.5	5.98	36	10	0.80	12.5
Pacific Scientific aerospace	27.4	27.3	40	61.2	7.15	11.6	4.82	3	15	1.32	11.3
Southern Bancorp SC banking	27.3	20.9	22	60.3	6.29	10.4	10.51	51	11½	2.20	5.2
Southwest Factories auto parts	27.3	17.2	28	34.0	0.46	1.3	2.72	77	3⅜	0.47	7.1
American Public Energy oil & gas explor & dev	27.2	7.9	78	4.3	0.95	21.9	2.65	13	4¾	0.21	22.6
Transport Life Insurance insurance	27.0	26.4	30	87.4	8.60	9.8	6.50	27	16	1.72	9.3
Children's World day-care centers	26.9	23.7	34	14.3	0.83	5.7	1.43	58	4⅛	0.34	12.1
Trico Industries oilfield equip & services	26.9	31.5	26	82.5	6.07	7.3	4.12	26	12⅝	1.30	9.7
Norstan precision gears	26.6	14.1	28	24.8	1.78	7.1	4.81	23	10½	0.68	15.4
Electrospace Systems electronics	26.5	31.8	41	45.5	2.80	6.1	2.98	22	18½	0.95	19.4
Electronics Corp of Amer electronics	26.1	23.5	24	42.8	5.75	13.4	14.70	54	27¼	3.46	7.8
Tenney Engineering precision instruments	25.9	21.7	54	13.1	0.73	5.5	2.21	60	5	0.48	10.4
Callahan Mining silver mining	25.9	12.9	25	29.3	8.43	28.6	7.36	0	15⅞	0.95	16.7
Cardillo Travel Systems travel services	25.8	74.7	98	72.5	0.53	0.7	1.03	30	4⅜	0.77	5.6

*Latest fiscal year.

Source: Standard & Poor's

Up-And-Comers class of '81

Company principal business	Return on equity 5-year average	Return on equity latest 12 months	EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
Materials Research spec metals & ceram	25.8%	13.6%	45%	$71.3	$ 4.38	6.1%	$ 7.42	35%	15¾	$1.01	15.5
Quadrex nuclear engineering svs	25.7	22.6	61	52.8	4.28	8.1	4.02	4	16¼	0.91	17.8
CIC Financial insurance	25.7	25.9	43	41.0	3.83	9.3	13.47	13	19½	3.49	5.5
Radiation Systems antennas	25.4	14.3	26	9.8	1.18	11.9	5.86	23	18¾	0.84	22.3
National Gas & Oil natural gas	25.3	19.6	17	40.6	3.18	7.8	9.30	0	11⅝	1.83	6.3
Data Card plastic card proc equip	25.3	14.3	22	75.3	6.37	8.4	7.19	9	9⅝	1.03	9.3
Thompson Medical proprietary drugs	25.3	34.6	46	95.2	10.03	10.5	7.53	0	12	2.61	4.5
Kallestad Labs health care products	25.2	30.8	47	14.2	2.25	15.7	2.69	12	15⅝	0.83	18.8
Neutrogena personal care products	25.2	21.3	18	29.4	2.00	6.8	6.05	0	28	1.29	21.7
Comshare computer services	25.2	11.6	19	82.9	3.58	4.3	7.23	24	9	0.84	10.7
Voyager Group insurance	25.1	21.5	26	89.2	4.17	4.6	7.84	56	10⅝	1.69	6.2
Unimed ethical drugs	25.0	22.5	37	2.3	0.70	29.6	1.24	0	11	0.28	39.2
Alpha Industries electronics	24.9	15.7	34	29.5	2.78	9.3	7.76	14	29	1.22	23.7
RLI insurance	24.9	20.0	23	24.1	2.82	11.6	7.33	21	6⅜	1.47	4.3
Southwestern Energy gas utility	24.8	27.0	23	47.9	10.25	21.3	4.74	44	13½	1.28	10.5
TransNet computer services	24.7	23.6	70	8.6	0.97	11.2	1.69	33	2⅝	0.40	6.5
Olsten temporary personnel	24.7	16.9	19	89.2	2.44	2.7	7.61	3	12¼	1.29	9.4
Hi-Shear Industries fasteners	24.6	15.4	26	89.5	9.94	11.0	13.96	36	12⅜	2.15	5.7
Vintage Enterprises manufactured homes	24.6	12.8	83	27.8	0.58	2.0	4.29	28	3¾	0.55	6.8
Evans-Aristocrat Inds measuring tapes	24.4	19.6	17	23.6	3.20	13.5	8.92	0	12⅞	1.75	7.3
Jackson National Life insurance	24.4	28.1	39	62.8	4.40	6.9	11.15	0	20⅝	3.14	6.5
Regency Electronics electronics	24.3	22.0	17	70.8	7.86	11.0	6.63	7	14⅝	1.46	10.0
Zero enclosures for electronics	24.3	22.7	21	79.2	5.88	7.4	9.04	42	22¾	2.06	11.0
Time Sharing Resources computer services	24.3	15.3	26	8.2	0.60	7.3	3.46	3	12	0.53	22.6
Newcor industrial machinery	24.1	18.8	22	63.0	2.98	4.7	11.34	18	13	2.14	6.0
Cordura publishing	24.0	55.3	31	26.9	4.10	15.2	1.77	0	6⅞	0.98	7.0
Adams-Russell electronics, CATV	23.9	19.0	35	36.1	2.71	7.5	5.84	53	20¼	1.11	18.2
Electro-Nucleonics health care products	23.6	12.6	71	34.9	1.79	5.1	5.07	32	9¼	0.64	14.4
Cascade hydraul activated equip	23.6	13.0	25	87.5	5.63	6.4	48.52	23	31½	6.31	4.9
Computer Consoles computer, telecomm eq	23.5	19.3	120	44.1	4.84	10.9	5.23	1	23¼	1.01	23.0
Astrex electronics	23.2	17.5	44	60.1	2.42	4.0	9.01	61	12⅜	1.58	7.8

*Latest fiscal year.

Source: Standard & Poor's.

Up-And-Comers class of '81

Company principal business	Return on equity		EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
	5-year average	latest 12 months									
Natl Sec & Research finance	23.2%	29.7%	25%	$7.9	$1.88	23.6%	$5.51	0	12⅝	$1.64	7.6
Astrosystems computer equipment	23.1	17.3	21	6.7	1.27	18.8	2.82	0	5½	0.49	11.2
Friedman Industries metalworking	23.1	23.2	21	90.2	5.23	5.7	8.95	13%	10¼	2.08	4.9
Wiser Oil oil and gas	23.0	23.8	17	54.8	18.24	33.2	27.32	0	84	6.52	12.8
Micro Mask photographic equipment	23.0	14.2	29	22.5	1.82	8.0	6.30	34	7¾	0.90	8.6
Research Inc. precision instruments	22.9	21.3	22	21.4	1.70	7.9	5.62	0	10¼	1.20	8.5
Hi-Port Industries packaging	22.9	23.8	58	7.1	0.25	3.5	1.59	79	2½	0.38	6.5
Cascade Steel Rolling Mills steel	22.8	11.8	122	64.0	4.51	7.0	7.36	71	8¾	0.87	10.0
Vertipile textiles	22.8	19.2	62	23.1	1.11	4.8	5.09	22	4⅞	0.98	4.9
Lindberg heat-treating of metals	22.7	17.8	16	64.2	4.62	7.1	5.22	45	1½	0.93	12.3
CRS Group architect, engineering	22.6	20.8	18	76.0	5.53	7.2	12.01	4	8½	2.50	7.4
Communications Inds electronics	22.5	21.4	19	45.8	4.99	10.8	5.74	3	30¼	1.23	24.5
Liberty Homes manufactured homes	22.4	17.5	21	94.5	4.67	4.9	6.83	0	10¼	1.20	8.5
Comserv computer software	22.4	19.3	39	10.7	0.90	8.4	2.84	2	12¾	0.55	23.1
Air Wisconsin airline	22.3	20.6	33	35.6	4.29	12.0	4.98	85	13¼	1.03	12.8
Cullinane Database Sys computer software	22.3	20.0	44	29.3	4.55	15.5	8.34	0	61½	1.67	36.8
Monument Energy Services oilfield services	22.2	15.0	45	12.6	0.79	6.2	5.46	28	13¾	0.82	16.7
Telecomm Equipment telecomm equipment	22.0	14.1	110	30.2	1.37	4.5	4.89	5	14¼	0.69	20.6
Duralith electronics	21.9	21.2	46	13.4	1.13	8.3	4.90	9	10½	1.04	10.0
Medex health care supplies	21.9	40.4	72	6.8	0.85	12.3	0.99	52	10	0.40	25.0
American City Bank LA banking	21.7	18.4	39	43.3	3.16	7.2	6.82	33	10¼	1.26	8.1
King Radio electronics	21.6	16.2	30	97.2	7.04	7.2	17.89	8	23¾	2.90	8.1
Cut & Curl beauty salons	21.4	22.7	51	11.3	0.85	7.5	5.50	0	10¼	1.25	8.2
United Bancorp of Arizona banking	21.4	21.8	33	76.5	7.46	9.7	23.75	43	33¼	5.20	6.3
Cycare Systems computer services	21.3	39.5	16	14.7	0.62	4.2	1.29	52	11	0.51	21.5
American Recreation Ctrs bowling centers	21.1	21.6	29	17.6	1.88	10.6	8.12	81	9	1.76	5.1
Atlantic American insurance	21.1	15.6	35	37.6	3.65	9.7	8.67	7	10⅛	1.36	7.4
Ennis Business Forms business forms	20.9	25.7	39	83.9	5.58	6.6	13.29	20	19⅞	3.42	5.8
N Mex & Ariz Land land and resources dev	20.9	17.3	29	8.4	2.59	30.7	5.23	55	20⅛	0.91	22.1
Ohio-Sealy Mattress mattresses and boxsprings	20.9	22.7	26	52.1	4.25	8.1	5.62	15	8⅛	1.28	6.3
Wichita Industries oil and gas exp and dev	20.8	11.6	19	10.4	1.92	18.3	2.74	34	13¾	0.32	42.9

*Latest fiscal year.

Source: Standard & Poor's

Up-And-Comers class of '81

Company principal business	Return on equity 5-year average	Return on equity latest 12 months	EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
Hadson Petroleum oil and gas explor, dev	20.8%	13.9%	29%	$ 9.4	$ 3.53	37.4%	$ 2.29	100%	15½	$0.32	48.4
Anderson 2000 pollution control equip	20.8	40.9	96	5.8	0.54	9.2	1.05	0	12	0.43	27.9
Gerber Scientific precision equipment	20.7	18.4	46	93.1	6.31	6.7	5.43	66	13⅜	1.00	13.3
Vulcan Corp footwear parts	20.7	23.8	32	39.8	3.46	8.6	10.06	13	10⅞	2.40	4.5
Heinicke Instruments laboratory apparatus	20.5	22.1	30	21.6	2.18	10.0	4.66	33	12¼	1.03	11.8
New Penn Motor Express trucking	20.4	17.3	19	42.8	3.66	8.5	21.27	11	16¾	3.70	4.5
Acme Electric electrical equip	20.4	16.5	18	52.3	3.05	5.8	6.23	30	7¼	1.03	7.0
Evans & Sutherland Comp computer equipment	20.2	21.2	56	34.6	6.13	17.6	3.90	3	32	0.83	38.5
Sys Engineering & Mfg electropltg sys, filters	20.1	24.5	35	22.1	1.53	6.9	5.86	22	10⅝	1.44	7.3
Frigitronics eyeglass lenses	20.0	23.4	20	90.0	4.83	5.3	7.56	12	18¼	1.77	10.3
AGM Industries auto parts, weapons	20.0	8.1	27	31.8	0.93	2.9	21.02	29	10	1.71	5.8
Tony Lama footwear	19.9	27.8	66	67.2	4.86	7.2	13.05	28	23¾	3.64	6.5
Scope Industries recycling food waste	19.9	16.0	23	22.2	4.34	19.5	12.18	1	23⅜	1.96	11.9
McFarland Energy oil and gas explor, prod	19.9	22.2	20	13.3	4.10	30.7	4.49	0	13⅝	1.00	13.6
Moran Energy oil and gas explor, dev	19.9	14.5	18	67.1	11.13	16.5	11.03	72	19	1.61	11.8
Cray Research computer equipment	19.8	10.8	114	60.7	10.90	17.9	5.92	15	36¼	0.64	56.6
Aero-Flow Dynamics pumps	19.7	19.2	28	97.1	3.46	3.5	30.89	12	46	5.97	7.7
Osmonics chemical processing sys	19.5	11.3	24	5.5	0.62	11.0	4.50	1	13¾	0.51	26.9
Core Laboratories oilfield services	19.5	17.1	25	89.4	7.32	8.1	8.44	48	23⅞	1.45	16.4
Detection Systems intrusion detectors	19.5	38.5	87	9.2	1.06	11.4	1.92	28	16½	0.74	22.2
AIC Photo photographic equipment	19.3	18.8	136	40.0	1.92	4.7	6.54	1	5	1.23	4.0
Trion electronic air cleaners	19.2	20.0	18	9.0	0.82	9.0	4.84	12	11¾	0.97	12.1
Detrex Chemical specialty chemicals	19.0	16.0	21	76.3	4.13	5.4	33.98	3	30½	5.45	5.5
Spectradyne closed-circuit TV	18.8	23.9	47	13.0	1.96	14.9	3.22	7	12½	0.77	16.2
TSI precision instruments	18.7	18.4	27	11.1	1.02	9.1	4.11	30	8¼	0.76	10.8
Tidwell Industries mobil homes	18.7	18.9	59	56.2	1.26	2.2	5.58	57	14¾	1.06	13.9
Anderson, Greenwood valves	18.6	19.3	22	46.5	3.62	7.7	6.82	24	12	1.32	9.0
Oakwood Homes manufactured homes	18.5	15.6	22	43.6	3.17	7.2	15.05	7	20	2.35	8.5
Rego Group precision equipment	18.5	15.7	107	46.1	3.57	7.7	6.49	56	7	1.02	6.8
Acme United health care supplies	18.5	19.4	25	35.5	2.72	7.6	6.33	39	16¾	1.23	13.6

*Latest fiscal year.

Source: Standard & Poor's.

Up-And-Comers class of '81

Company principal business	Return on equity 5-year average	 latest 12 months	EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
Barden ball bearings	18.4%	18.2%	42%	$63.5	$ 7.09	11.1%	$20.79	16%	25	$3.79	6.5
Unit Drilling & Explor oilfield services	18.4	25.7	48	39.6	7.57	19	6.48	66	22	1.67	13.1
Optical Radiation electronics	18.4	15.1	32	17.2	1.51	8.7	6.87	17	13¼	1.04	12.7
Golden Enterprises snack foods, fasteners	18.3	18.3	21	65.8	3.12	4.7	8.68	3	17½	1.59	11.0
Infrared Industries electronics	18.2	13.0	20	15.8	0.43	2.7	4.14	25	6½	0.54	12.0
G&K Services linen and uniform rentals	18.2	17.8	18	38.3	2.16	5.6	8.17	8	9½	1.46	6.5
Scientific Computers computer services	18.2	22.8	51	13.4	1.49	11.0	4.42	23	9	1.01	8.9
Teleflex multicompany	18.2	22.0	36	78.5	4.76	6.0	5.94	54	21⅜	1.31	16.3
Precision Castparts precision casting	18.2	18.5	34	97.1	4.35	4.4	14.08	90	29⅛	2.61	11.1
Finnigan precision instruments	18.1	10.9	32	43.2	1.66	3.8	5.65	59	9¾	0.62	15.7
Reliability electronics	18.1	15.8	23	16.6	1.19	7.1	1.39	11	3⅞	0.22	17.5
Colonial Life & Accident insurance	18.1	14.3	16	96.9	13.97	14.4	18.36	2	14⅜	2.64	5.4
Newport Corp industrial, lab equip	18.1	35.4	34	15.0	2.99	19.8	3.64	0	19	1.29	14.7
Commonwealth Theatres movie theaters	18.0	18.2	21	73.2	2.77	3.7	12.16	67	13½	2.22	6.0
General Real Estate Shares real estate	18.0	19.4	110	2.6	0.79	29.4	7.72	94	12	1.50	8.0
Kerr-Addison Mines mining	18.0	22.9	52	58.3	30.39	52.0	14.17	0	16⅜	3.25	5.0
Dependable Ins Group insurance	18.0	21.0	20	31.8	3.41	10.6	7.93	0	9¾	1.67	5.8
Dunlap & Associates flight simulators	17.9	10.1	18	30.9	1.07	3.4	9.16	34	14½	0.93	15.5
UNA specialty steel	17.8	7.3	118	28.8	0.40	1.3	5.83	99	3⅞	0.43	9.0
Seiscom Delta oilfield services	17.7	11.9	126	63.2	3.23	5.1	12.45	2	18½	1.49	12.4
Athey Product industrial equipment	17.6	23.5	40	23.2	2.14	9.2	15.48	27	14¾	3.65	4.0
TIE/Communications telecomm equipment	17.6	21.0	77	59.8	3.38	5.6	2.76	85	19⅜	0.58	33.3
George Washington insurance	17.6	14.8	118	35.2	2.65	7.5	5.40	0	3¾	0.80	4.6
Wham-O Manufacturing recreational equipment	17.6	9.6	17	27.4	1.89	6.8	13.83	0	7¾	1.34	5.7
IFS Industries funeral homes	17.5	14.9	26	56.8	3.85	6.7	8.41	100	12⅜	1.26	9.8
Turner Construction construction	17.5	20.8	21	36.1	7.03	19.4	18.41	31	26⅛	3.84	6.8
Electronic Modules electronics	17.4	20.4	30	22.3	1.49	6.6	4.49	14	19½	0.92	21.1
Hyatt International hotels	17.3	20.9	18	14.0	3.05	21.7	12.02	0	18⅜	2.52	7.2
Andrew telecomm equipment	17.3	15.9	21	89.2	7.15	8.0	11.80	28	37½	1.88	19.9
Electro-Catheter health care products	17.3	22.1	27	5.1	0.37	7.1	1.94	10	5½	0.43	12.7
Scurry-Rainbow Oil oil and gas, mining	17.3	7.2	26	49.6	11.77	23.7	26.11	21	37	1.89	19.6

*Latest fiscal year.

Source: Standard & Poor's.

Up-And-Comers class of '81

Company principal business	Return on equity		EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
	5-year average	latest 12 months									
Computer Data Systems computer services	17.2%	20.7%	35%	$16.4	$ 0.96	5.8%	$ 6.36	10%	14¼	$1.32	10.7
Control Laser lasers	17.2	8.0	26	13.3	1.23	9.2	4.98	4	14	0.40	35.0
National Data computer services	17.2	22.4	27	75.6	7.51	9.9	3.65	8	19¼	0.82	23.4
Sierracin aerospace	17.1	13.2	25	60.7	3.37	5.5	4.52	73	8⅜	0.60	13.9
Lynden Transport trucking	17.1	33.0	59	63.3	3.47	5.4	11.90	29	23½	3.93	5.9
Boston Digital computer services	17.0	17.9	51	20.9	1.88	8.9	3.68	0	9	0.66	13.6
Chemplast industrial plastics	17.0	14.5	19	21.2	1.78	8.3	7.89	6	10⅛	1.15	9.0
Chieftain Development oil and gas drilling	16.9	10.3	17	48.7	7.85	16.0	5.02	72	16½	0.52	31.7
Electr, Missiles & Comm electronics	16.9	21.3	84	5.6	0.59	10.4	0.89	5	10¾	0.19	56.5
Prods Research & Chems specialty chemicals	16.8	14.3	17	49.4	3.67	7.4	5.14	19	9⅞	0.74	13.3
Biomedical Reference Labs health care services	16.7	26.9	38	34.4	3.52	10.2	2.86	15	19⅝	0.77	25.4
Kirby Exploration transportation	16.7	16.2	29	82.6	13.36	16.1	4.80	31	27¼	0.78	34.9
Shorewood land development	16.6	26.1	45	10.2	1.92	18.6	12.80	68	14	3.35	4.1
May Petroleum oil and gas explor, dev	16.6	10.0	31	22.3	4.52	20.2	10.21	1	30	1.03	29.1
Management Science Amer computer software	16.6	37.7	41	51.6	3.21	6.2	1.80	16	20¾	0.68	30.5
Pat Fashions Industries apparel	16.5	18.7	39	72.1	3.22	4.4	19.48	1	13¾	3.66	3.7
Weisfields retail jewelry	16.5	11.5	23	37.8	2.04	5.3	24.49	0	14½	2.83	5.1
Mutual Savings Life Ins insurance	16.5	19.7	17	50.7	4.79	9.4	15.36	12	28½	3.04	9.3
REDM Industries electronics	16.5	18.3	38	25.3	1.53	6.0	6.59	12	9	1.21	7.4
Breeze aerospace, auto parts	16.4	21.6	70	26.7	1.59	5.9	14.24	27	16¼	3.08	5.2
Chesapeake Utilities natural gas	16.3	22.7	24	32.5	1.87	5.7	21.36	29	15	4.86	3.0
Mark Twain Bancshares banking	16.3	18.3	26	67.3	6.31	9.3	19.70	59	30	3.61	8.3
Robinson Nugent electrical equipment	16.3	14.9	36	30.7	2.48	8.0	6.34	12	18	0.95	18.9
Myers Industries tire service equip, supplies	16.3	14.6	17	67.4	3.40	5.0	15.97	28	15½	2.34	6.6
Kleer-Vu Industries plastics	16.3	24.4	33	13.4	0.52	3.8	5.64	68	6⅛	1.38	4.4
Artco-Industries furniture, fast food	16.2	25.6	39	30.0	1.15	3.8	6.70	65	10	1.72	5.8
Photo Control photographic equipment	16.2	20.7	32	7.7	0.70	8.9	3.37	49	3	0.70	4.2
Missouri Research Labs industrial equip	16.2	14.7	38	15.5	0.77	4.9	1.96	16	2⅜	0.29	8.1
International Clinical Labs health care services	16.1	16.7	37	26.7	1.72	6.4	4.61	7	15¾	0.77	20.4
Vicon Industries security equipment	16.1	15.2	26	17.8	1.18	6.6	6.22	11	11⅞	0.95	12.4
Pandick Press printing	16.1	23.9	39	56.7	3.38	5.9	6.18	41	13⅜	1.48	9.0

*Latest fiscal year.

Source: Standard & Poor's

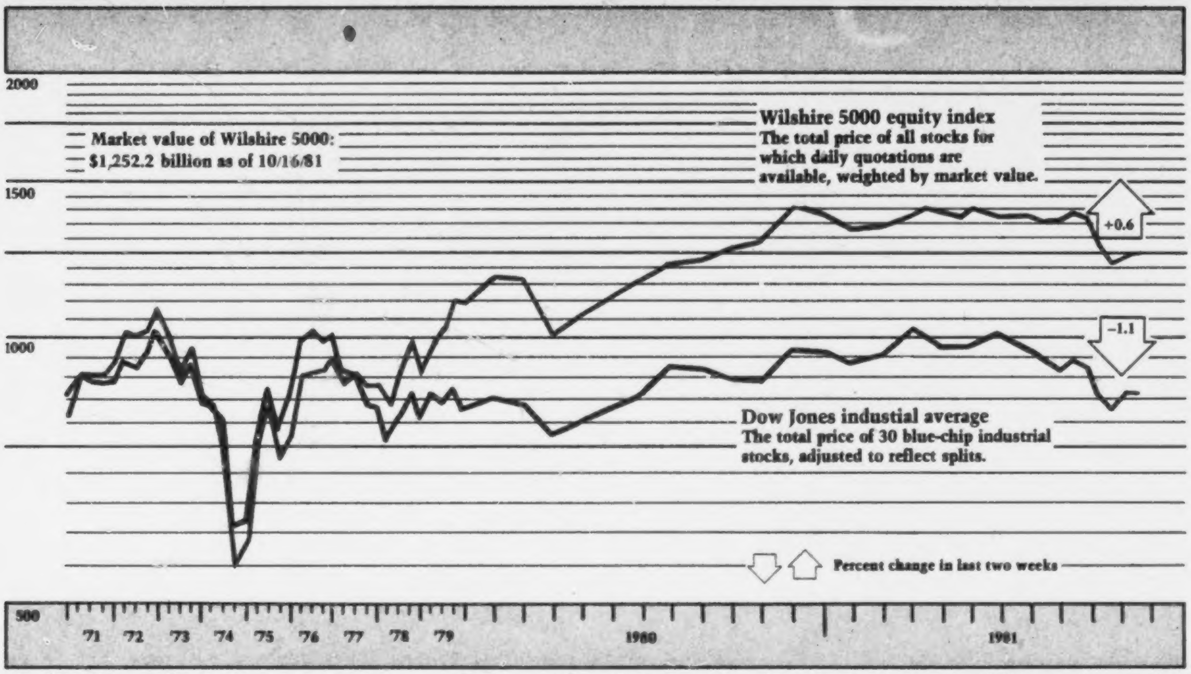
Up-And-Comers class of '81

Company principal business	Return on equity 5-year average	 latest 12 months	EPS 5-year growth rate	Net sales* (million)	Net income* (million)	Net profit margin*	Book value per share	Debt as % of book	Recent price	EPS last 12 months	P/E ratio
Custom Alloy steel piping	16.0%	12.4%	17%	$15.7	$ 0.97	6.1%	$ 7.05	29%	14¼	$0.88	16.1
Universal Cigar cigars	16.0	17.4	26	36.2	2.65	7.3	11.79	0	15¼	2.06	7.4
National Old Line Ins insurance	15.9	16.4	19	73.3	9.56	13.0	14.47	1	25⅜	2.38	10.6
Roper Industries industrial equipment	15.9	17.2	28	45.8	4.54	9.8	23.61	5	19	4.08	4.6
American Plan insurance	15.8	16.9	106	18.8	0.77	4.0	4.91	17	3⅛	0.83	3.7
Victoria Bankshares banking	15.8	15.1	19	48.0	7.03	14.6	23.05	0	32½	3.50	9.2
Comdata Network finance	15.7	33.8	38	14.3	2.78	19.3	2.10	1	21¾	0.71	30.6
Reliable Life Insurance insurance	15.7	12.9	75	62.7	6.69	10.6	34.35	0	17¾	4.46	3[illegible]
Sigmaform plastic tubing	15.7	13.3	50	16.4	1.73	10.4	6.57	24	13½	0.88	15.3
EPSCO electronics	15.6	10.1	80	16.0	0.94	5.8	8.49	13	8	0.86	9.3
Intercontinental Dynamics precision instruments	15.6	16.2	22	22.1	1.15	5.1	7.53	22	7¼	1.22	5.9
First Connecticut Bancorp banking	15.6	16.8	21	57.4	7.34	12.7	40.30	5	33½	6.79	4.9
IMC Magnetics electrical equipment	15.6	14.5	17	50.0	2.59	5.1	21.51	35	14⅛	3.14	4.4
Petrol Industries oil and gas explor, prod	15.6	38.8	61	2.9	0.89	30.5	1.08	14	16¼	0.42	38.6
Lil' Champ Food Stores convenience food stores	15.6	15.8	17	37.6	1.28	3.4	11.52	15	13	1.83	7.1
Depositors Corp banking	15.6	19.2	21	58.8	5.25	8.9	35.70	32	28⅞	6.86	4.2
Tellabs telecomm equipment	15.4	30.6	96	43.6	6.61	15.1	3.46	20	23¾	1.06	22.4
Data Access Systems computer services	15.4	18.2	17	37.2	4.79	12.8	7.19	71	6¼	1.31	4.7
Timeplex computer equip and serv	15.3	8.3	95	30.4	1.74	5.7	5.42	23	12⅜	0.45	27.4
EH Crump insurance	15.3	14.7	114	28.3	2.86	10.0	5.89	27	12⅞	0.87	14.7
Excelsior Insurance insurance	15.3	5.2	91	22.8	0.77	3.3	13.43	0	16½	0.71	23.2
RAI Research battery equipment	15.2	20.8	29	5.6	0.84	14.9	2.16	31	5¾	0.45	12.7
Anthem Electronics semiconductor distrib	15.2	18.6	117	36.2	2.20	6.0	5.37	0	14	1.00	14.0
Raymond Industries military, heating parts	15.2	12.9	18	43.9	2.02	4.5	12.07	30	18¾	1.56	12.0
Welbilt appliances	15.2	14.4	169	41.1	2.23	5.4	31.68	21	16½	4.58	3.6
Federated Gty Life Ins insurance	15.1	27.1	41	22.5	5.95	26.4	5.94	0	8¼	1.61	5.1
L Luria & Sons retail	15.1	16.4	34	90.6	3.20	3.5	4.62	33	7⅞	0.76	10.3
CB&T Bancshares banking	15.1	20.5	19	54.0	6.31	11.6	11.23	22	19	2.31	8.2
Clausing plastics, machine tools	15.1	15.6	20	75.5	4.25	5.6	10.05	43	12¼	1.57	7.8
Twin City Barge transportation	15.0	18.1	21	80.9	3.46	4.2	11.41	60	17	2.07	8.2
SCI Systems electronics	15.0	14.6	38	59.3	3.10	5.2	6.42	35	19½	0.94	20.7
Supron Energy oil and gas explor, dev	15.0	20.3	40	63.1	20.09	31.7	4.08	35	29⅝	0.83	35.6

*Latest fiscal year.

Source: Standard & Poor's

The Forbes/Wilshire 5000 Review



Closing the ranks. Once again, investors are flirting with over-the-counter stocks—after the late-September minirally of big industrial stocks turned sour. During the last two weeks the NASDAQ index advanced 3.2% while the Dow industrials lost 1.1%. The attraction of glamour stocks is still powerful, too. Look at the investor yardsticks: high volatility, high P/E, high growth and low-yield issues in much greater demand than their conservative counterparts.

The strength of NASDAQ companies helped the broadly based Wilshire index manage a slim 0.6% gain over the last two weeks. And all indicators are in the black on a four-week basis. The NASDAQ shows a 3.2% advance, whereas the Dow has only a 1.9% gain. The Wilshire indicates that the entire market is up almost 3% for the period.

After the last few months, of course, any gain is welcome. But uncertainty remains about whether investors are ready to parlay a few harmless flirtations into a torrid romance. Further evidence of economic softness: weak third-quarter earnings and emerging doubts over Reaganomics. Still, the gloomiest part of the current business cycle could be right now, and a positive market move may be a harbinger of better economic news to come. The worst of the slump is probably over. Today's modest gains, however, are likely to be tested and retested as the averages work their way back to higher levels.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	2.8	1.9	2.8	2.3	3.2
in last 52 weeks	−9.2	−10.9	−8.9	−14.1	−3.5

Stock performance based on five key investor yardsticks

Percent change	Volatility *		P/E multiple		Dividend yield		Growth profile †		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	5.8	1.4	6.0	2.9	1.5	3.4	5.1	2.0	3.5	3.2
in last 52 weeks	−2.6	6.7	−8.4	1.5	1.6	2.4	−1.9	3.3	−7.4	6.5

* A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

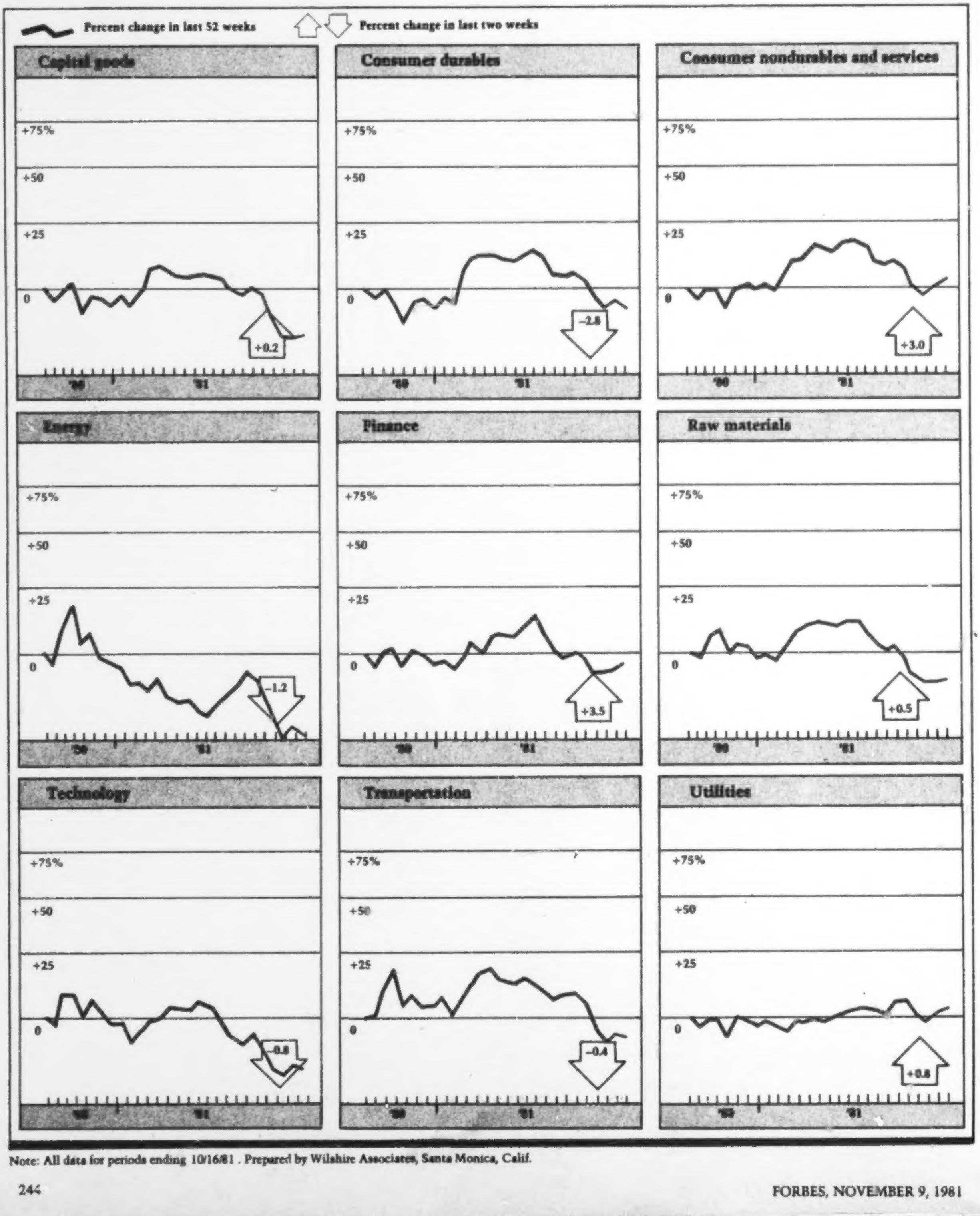
† A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/16/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Finance sets the pace. Thanks to Sears' tender offers for Coldwell, Banker & Co. and Dean Witter Reynolds, the market became bullish on brokerage houses and financial service companies. But dreams for a recovery in the auto industry in 1982 are being dashed by a major relapse in sales. And automakers have had to resort to rebates and discounts even before many of the '82 models have been test-driven. This helped bring down consumer durables by 2.8%.

If Americans can't afford new cars, maybe they'll treat themselves to small-ticket items. Consumer nondurables and services advanced 3%, racking up a 6% gain on a four-week basis. Utilities continue to attract investor attention with their high yields. Their shares offer the potential of capital appreciation in the event of a market rally and a fall in interest rates and, in many cases, new tax incentives related to dividend reinvestment plans.



Note: All data for periods ending 10/16/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Commodities

The Soviets were looking for a big crop this year after two bad harvests in a row. All they got was more of the same.

HELP! CALL THE GRAIN DOCTOR

By Stanley W. Angrist

When a country suffers a bad crop, it generally bodes ill for the residents of that country. If a country suffers back-to-back crop failures the problem is considerably more serious, and more than simple "belt tightening" is usually required. But what happens to a country that encounters three disastrous crops in a row? The Soviet Union is now in the process of finding the answer to that question.

The U.S. Department of Agriculture estimates the U.S.S.R.'s 1981 grain crop at no more than 180 million tons, 56 million tons below target and 25 million tons under the average annual production during the previous Five-Year-Plan period. The Leslie Analytical Organization recently prepared a review of this year's Soviet crop, which is, in part, a basis for this column.

The grain production goal and need as projected in the new Five-Year Plan was 236 million metric tons. The official Soviet 1981 crop production will not be announced until some time after November, but a recent U.S.S.R. news release estimates the harvest at less than 170 million tons.

There is no doubt that part of the U.S.S.R.'s problem in being unable to consistently bring in a large crop is the weather. However, this year the winter grain crop suffered an unusually low winter-kill—about half of normal. The same hot, dry weather conditions that favored the winter grain harvest have damaged the spring grain crop. A combination of high temperatures, strong winds and low humidity blew across the European U.S.S.R. grain regions once in June and again in July. This combination desiccated the spring crops when the plants were in their most moisture-sensitive stage of growth. Just how damaging such a condition can be is better understood when one considers that the spring grains make up about 75% of the total grain production and that 60% of the spring crop is grown in the European U.S.S.R.

The total Soviet oilseed crop, which includes sunflower seed, cottonseed and soybeans, is estimated at 10.6 million tons—approximately the same as last year. This inability to increase soybean production is part of the problem of increasing livestock production. Both sunflower seeds and cottonseeds yield relatively little high-protein meal (for animal feed) when compared with soybeans.

The Soviets have not increased their soybean production for at least four reasons: 1) difficult climate; 2) poor seed quality; 3) inadequate fertilizers; and 4) agricultural planners' reluctance to commit their best lands to soybeans. Most observers feel that until high-protein meals are integrated into livestock feed rations, the goal of expanding meat supplies will not be realized.

The third poor crop in a row means that the Soviets will be in the world grains market for at least 40 million tons. (Last year from June 1980 to July 1981 they bought 34.5 million tons.) Since the partial U.S. grain embargo that was imposed in January 1980, the U.S.S.R. has sought alternate sources for grain. This year Argentina will sell the Soviets about 14 million tons, Canada will provide about 6 million tons and Australia will sell at least 3 million tons and maybe a lot more.

The numbers tell us that the U.S.S.R. can acquire at least 23 million tons and probably as much as 33 million tons of grain from non-U.S. sources. This implies grain imports from the U.S. of 7 million to 15 million tons—3 million to 5 million in wheat and 4 million to 10 million in coarse grains.

I believe U.S.S.R. purchases could have a bullish impact on wheat and corn. I would try to trade the grains by means of a bull spread by buying December and selling May wheat, with May at a 36-cent premium or more. I would risk no more than 5 cents ($250 per spread) from my entry point. I believe the spread could easily narrow by 10 cents ($500 per spread). The margin on such a spread is $500, while the round-turn commission is about $70. ■

Three is not a charm

The Soviet Union would like to increase its meat production, but three consecutive bad grain harvests have not allowed the country to make any noticeable progress.

Year	Winter wheat	Spring wheat	Barley	Other* grains	Total grains	Oilseeds	Total† meats	Eggs (billions)
	(millions, in metric tons)							
1976	44.6	42.3	69.5	67.4	223.8	10.7	—	—
1977	52.0	40.2	52.7	50.8	195.7	11.1	14.7	61.7
1978	66.0	54.8	59.3	54.9	235.0	10.9	15.5	64.5
1979	38.4	51.8	47.0	42.0	179.2	11.2	15.5	65.6
1980	49.6	48.5	43.5	47.6	189.2	10.5	15.1	67.7
1981**	50.0	43.0	41.5	45.5	180.0	10.6	15.5	69.5

*Includes rye, oats, corn and other minor grain crops. †Includes all types of meat. **Estimates of the Leslie Analytical Organization.

Stanley W. Angrist is a professor at Carnegie-Mellon University and the author of Sensible Speculating in Commodities.

NOTE

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NOVEMBER 23, 1981 TWO DOLLARS FIFTY CENTS

Forbes

'82 Corporate Earnings—Wall Street Predicts an Upturn

C3950-1

JAPAN'S COMPUTER CHALLENGE

HERE'S ONE THE U.S. CAN WIN

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SRI ACQUISITIONS
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WASHINGTON DC 20014

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Forbes

November 23, 1981
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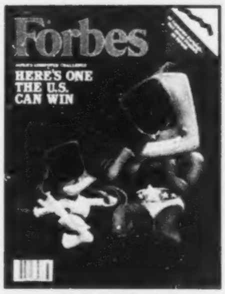

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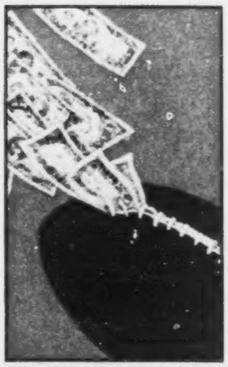

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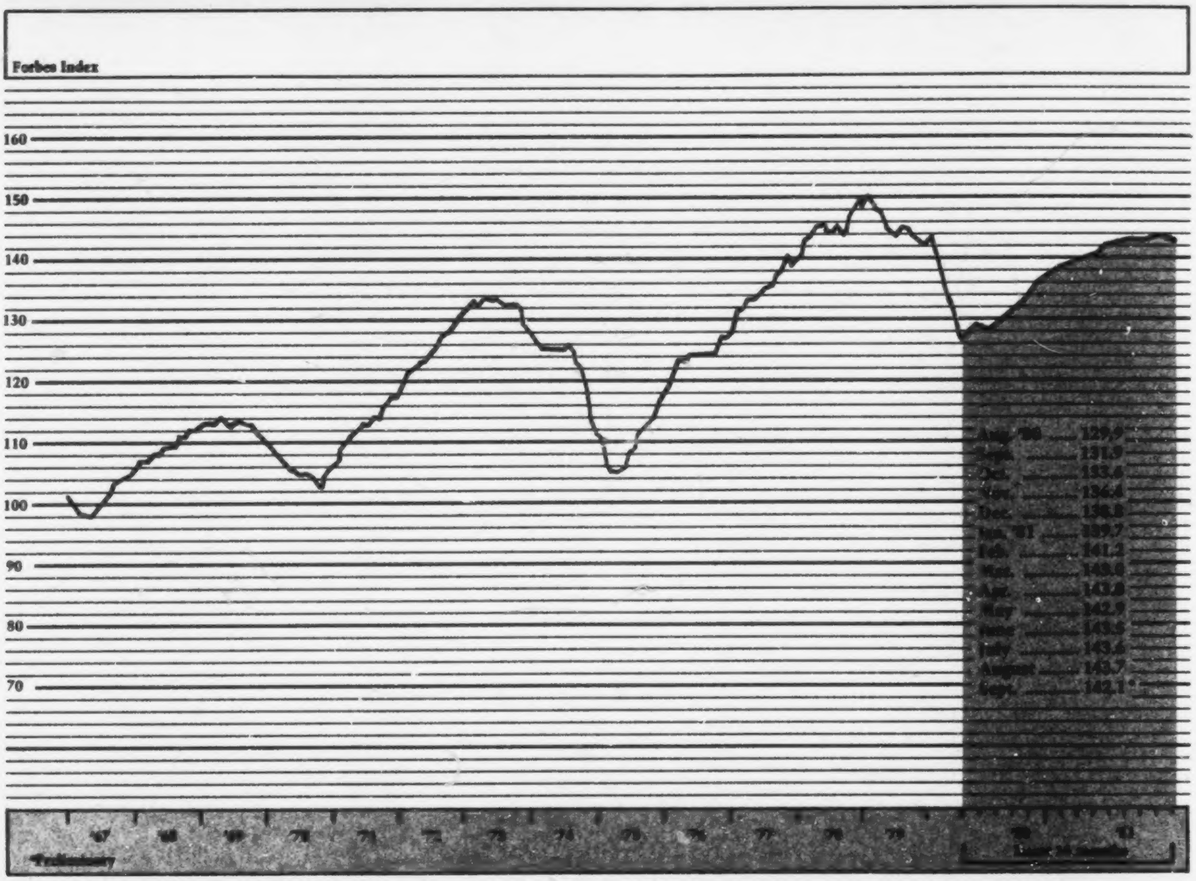
The Forbes Index



The Forbes Index Components

The bad news confirmed. The Forbes Index has posted a 1.1% drop. This is the biggest setback since the beginning of the last recession, early in 1980. A major factor: unemployment claims, which are up 13%. Manufacturers' new orders are also down, and inventories are up. Only personal income bucked the trend, with a 0.5% gain.

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements:

Total industrial production

New claims for unemployment compensation

The cost of services relative to all consumer prices

The level of new orders for durable goods compared with manufacturers' inventories

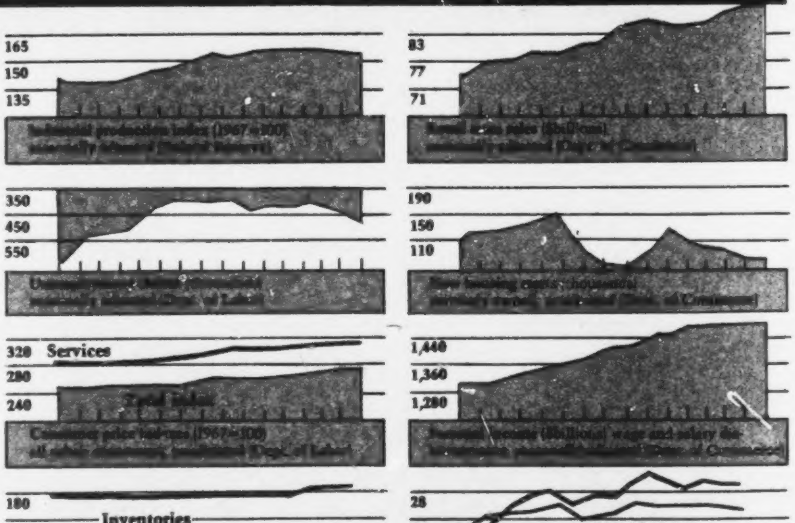
Total retail sales

New housing starts

Personal income

The change in the amount of consumer installment debt outstanding

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



GM and Ford to UAW: Surrender pay and benefits now or we will move jobs abroad. Answers the union: Even if that's true, how do we convince the workers?

A million jobs to go

By Jerry Flint

THE AMERICAN PUBLIC has given the U.S. auto industry an ultimatum: Produce better-quality cars at a lower price or we will buy Japanese. General Motors Corp. and Ford Motor Co are passing the ultimatum to the United Auto Workers: Slash the pay and fringe benefit package. Don't nip pennies from it; hack off dollars per hour. Slash it now. We aren't going to wait until new contract bargaining next summer and fall. If you don't, we will move production overseas. If *we* don't, the public will do it for us.

Ford Vice President Pestillo
Wanting yes for an answer.

At Ford, Labor Relations Vice President Peter Pestillo says these types of stay-or-go decisions involving about 20,000 jobs will be made before the end of next year.

Peanuts, General Motors Chairman Roger Smith tells FORBES. "You're talking about hundreds of thousands of jobs. You're talking *megajobs*." It's not just the production of hidden parts—engines, transmissions, seat springs—as far as GM is concerned. "We're searching for an S car, we're searching for a T car. We have got to know before September. We can't wait and make that kind of decision on 'maybe something will happen.' "

For those who don't understand Detroit's code words, the T car is GM's smallest built in the U.S., the Chevrolet Chevette. The S car is the planned 50-miles-to-the-gallon supermini. The replacement for the Chevette and the new S won't be on sale for years, but the where-do-we-build-them decisions must be made in the next few months. "We're not trying to win propaganda points by seeking a solution before the present labor contracts expire next fall," Smith said the other day. "We're trying to keep our company competitive and thereby save jobs—now, before it is too late."

Some parts for U.S. cars already are imported: diesel engines for the Chevette, transmissions in Ford's Escort and Lynx models. But this could be only the start: "It's because of our lead time," says GM's Smith. Orders on the '84 and '85 product are being made. In short, the decisions made today don't mean the immediate closing of plants, but could mandate the closing of plants three or four or five years down the road, when the new models with new engines and transmissions and seats arrive. Once the commitment is made to bring engines from Mexico or transmissions from France or Japan, the jobs are gone, maybe forever. Even GM work that stays in this country may move to lower-cost outside suppliers, union and nonunion, another GM man says.

GM and Ford talked about renegotiating their contracts in the past and the UAW rejected the overtures. GM and Ford raised prices; it was business as usual. Then the business collapsed with no sign of any turnup. High prices—a new American car now averages $9,000 or more—and the Japanese onslaught have chopped U.S. car production potential to 6 million to 7 million a year from 8.5 million to 9.5 million annually a few years ago. The third-quarter losses were staggering: $468 million at GM, $334.5 million at Ford, $149 million at Chrysler. Production schedules for the fourth

UAW President and Chrysler Director Douglas Fraser
Wanting to know the quid pro quo.

quarter are being slashed again.

GM is in the best shape of any U.S. carmaker, but even its plan has cracked. Its front-wheel-drive J cars, introduced last spring, failed to catch fire—overpriced, underpowered and dully styled, critics say. Conversion of one North American plant to J car output has been put on hold; two new plants that were on the drawing boards, Kansas City and Flint, Mich., are dead. Layoffs are ordered for the front-wheel-drive X car plants at Oklahoma City and Willow Run, Mich. Ford told workers at its Sheffield, Ala. aluminum-casting plant to take a 50% pay/benefit cut, buy the plant (and then cut their own pay) or see it closed. At a Livonia, Mich. transmission plant, Ford workers were told to eliminate some make-work practices or be out of the bidding for the next big transmission job.

Of course, Ford and GM don't like to use the word *ultimatum*. "There are legal constraints," says Ford's Pestillo. "We've got a contract, and we've got to honor it." Threatening to move jobs unless a valid contract is renegotiated might be some sort of unfair labor practice. But everybody knows that it goes beyond questions of fairness: When the people of California give half their new-car business to the Japanese, they serve notice that Detroit's splendid isolation is over—no longer may union and management write themselves fat checks and expect the American people automatically to honor them.

The smallest changes may be significant. Take the Ford transmission plant outside of Cincinnati. The decision was made to make the new transmission for next year's Ford small truck, the Ranger, in Bordeaux, France. The French transmission is 23 pounds lighter, a bit better on mileage and $44 cheaper. They still are making big-car transmissions at the Ohio plant. But another Ford official says the decision to put that small transmission in France means the eventual doom of the U.S. plant as the bigger cars fade from the scene.

Years ago this type of crossbreeding was impossible. American cars were big, with V-8 or 6-cylinder engines. As the cars become similar, job transfer becomes a way of cutting costs in an industry where cutting costs means survival itself.

Tale of the pay envelope

Japanese autoworkers don't have it so bad—provided the company they work for remains profitable. Their bonus, $2.16 an hour in the latest available figures, is contingent upon profitability. The U.S. autoworker, by contrast, receives more than double the base pay of his Japanese counterpart—a difference of $5.39 an hour—regardless of profitability. Since GM made this comparison, labor cost has risen to $19.65 an hour and the yen has gone to 234 to $1, increasing the gap.

	$ per hour		
	Japan[1]	GM[2]	GM versus Japan
Payroll-related			
Base pay	4.26	9.65	(5.39)
Overtime	1.05	0.51	0.54
Bonus[3]	2.16	—	2.16
Night shift allowance	0.59	0.27	0.32
Commutation allowance	0.21	—	0.21
COLA	—	0.84	(0.84)
Vacation/PPH/paid absence	0.55	1.45	(0.90)
National holidays	0.25	0.77	(0.52)
Other	0.03	0.04	(0.01)
Total payroll-related	9.10	13.53	(4.43)
Benefits			
Group/medical insurance	0.32	2.27	(1.95)
Medical services	0.12	—	0.12
Housing allowance	0.29	—	0.29
Meal, uniform allowance	0.06	—	0.06
Pension	0.48	1.54	(1.06)
Unemploy. ins. & Soc. Sec.	0.35	0.96	(0.61)
Supp. unemployment benefits	—	0.30	(0.30)
Other	0.06	—	0.06
Total benefits	1.68	5.07	(3.39)
Grand total	10.78	18.60	(7.82)

[1] August 1980 data for all full-time (both production and office) employees of a representative manufacturer, translated at current exchange rate (206 yen/$1). [2] Third-quarter 1980 data for hourly employees. [3] Contingent upon firm's profitability and payable in August and December.

Source: General Motors

A year ago GM figured its U.S. labor cost at $18.60 an hour, including a base rate of $9.65 and cost-of-living allowance of another 84 cents, against labor cost of $10.78 for Japan at 206 yen to the dollar. Today GM figures its labor cost at $19.65, including $9.90 average base rate and $1.63 more in COLA, and the yen is at 234 to the dollar—giving Japan a further advantage. "We are now operating in an international market—not a domestic one—and our offshore competitors are fully capable of reducing us to a third-rate power in that market unless we do something about it," says GM's Smith.

"I hope all of our union people will understand that and deal with it."

Pestillo says Ford figures it is closer to $10 an hour behind the Japanese now and getting worse as U.S. pay costs climb 10% to 11% a year and Japan's climb 7%.

The manufacturers know where to cut: They want to chop some of the 28 annual paid days off, in addition to vacations; put ceilings on COLA pay; trim the annual wage increase; keep the costly fringes from new hires; and get worker contributions to the soaring medical and pension bills.

What is the union going to do? Douglas Fraser, the UAW president, talks frankly with Forbes about the union's dilemma: Do the facts justify going to the bargaining table to renegotiate the contract? "From a bargainer's point of view, who knows whether or not they're bluffing."

If they are not, could the union convince the workers to take cuts? "Is it manageable politically?" he asks.

Fraser is not only the president of the UAW; he is a member of Chrysler's board of directors. Detroit is a small town, and he talks with the industry leaders. "I said to Roger Smith last week that even if we were willing to go to the bargaining table, our opposition [within the union] would make the case that the economic climate is so bad, so poisoned, that no matter what we do, it won't help business." And no union leader likes to be called a "sellout."

Fraser says GM's second-quarter net, $515 million, made it impossible to convince workers then that concessions were needed. "It's hard for us when they speak out of both sides of the mouth. They tell us they'll have to move [out of the country] and they tell the public they see the light at the end of the tunnel, that the scrappage rate is high, the *pent-up demand*. This is what our members read."

And, Fraser says, there's no question of a one-sided deal. "Before we took that step we'd want to know the quid pro quo." General Motors and Ford both talk about profit sharing if the union gives back big dollars. But Fraser asks about job-sourcing intentions, job guarantees, plant closings. If they threaten us with closing unless we deal, what do they promise us if we are willing to deal? he asks.

The industry claims it can't make promises. Says Ford's Pestillo: "If they gave up $5 would it produce X jobs? No, I can't prove that even if they cut wages I'll create 50,000 jobs or take back 40,000 on layoff." Smith of GM: "What good is a promise given from bankruptcy court?"

Do the companies have a package ready to offer? "No," says Pestillo, but he also says he could whip one up pretty fast, and if Ford is to give job guarantees there have to be certain rules. "If we're going to keep you for good and ever, we're not going to play games with you for good and ever," says the Ford vice president.

Fraser understands the squeeze the companies are putting on. The workers at the Ford Livonia plant voted late in October to give up some job manning and overtime practices. "I'm glad they did it," he says. But the Ford demand for a 50% cut at the Alabama plant would crack open the master contract. He's against that.

So far neither Ford nor GM has formally requested bargaining, reopening the contract. "It's a little bit like courting," says Pestillo. "I only want to ask the question once, and I really want to get yes for the answer." But time is running out. Another pay raise from COLA will come in December and another in March. Decisions have to be made. "Someday I might need that no," he says.

Pessimism is common in Detroit and probably justified. Laments one Ford man: "The union will defer some increases and give up a few things, but not much. They don't feel at fault."

What if the alternative to those pay cuts is really closing the Ford Alabama plant? FORBES asked Fraser. His answer might be a bargaining ploy, but maybe it wasn't. After all, labor traditionally opts for higher pay even if it means fewer jobs. "Then they'll have to close it," he says.

But Fraser is a bright man. He knows that if the plant closes it is really the American consumer who is closing it, not Ford management. ■

GM couldn't make money on its New Jersey roller-bearing plant, but its workers hope to make millions. Their secret: working an eight-hour day.

Go forth and compete!

By Allan Sloan

When General Motors unloaded its roller-bearing plant in Clark, N.J. the other day, Chairman Roger Smith made a big deal about the fact that the plant's workers were turning it into an employee-owned operation and taking an average 25% cut in salary and fringe benefits.

What no one said was the reason the Clark plant failed under GM's ownership was that the company gave in to the United Auto Workers on so many points that the plant became hopelessly featherbedded. Its new employee-owners plan to make the plant profitable by using just 800 workers to turn out the same number of bearings GM produced with 1,200.

How can the workers be 50% more productive than they were under GM? Easy, says Jim Zarrello, chairman of the Clark UAW local: They will do a day's work for a day's pay.

"It's no secret," Zarrello says, "that the union helped create an atmosphere where people who were in the plant eight hours did four hours of work. That's appropriate when GM is making billions in profits—you make more jobs, and you make work easier for your men. But it's no longer appropriate." This from a man who even in UAW circles is regarded as something of a militant.

GM has wakened to the fact that being an integrated carmaker isn't what it was during Alfred P. Sloan's heyday 60 years ago. Sloan wanted GM to make its own components to keep quality up and costs down and to keep outside suppliers on their toes.

Hyatt's Alan Lowenstein (left) *passes ceremonial check to GM's Roger Smith*
The pose is a cliche, but the idea is original.

ment reportedly included honoring the remaining term of his contract, claims he still doesn't fully understand why he was ousted. At the meeting Keck reportedly did not say anything that was critical of Reid; neither did other directors, who typically defer to Keck.

Was Ackman behind Reid's ouster? There is general agreement among departed executives that he hungered for the top spot and probably used his access to Keck to get it. Was Keck persuaded that Reid was getting too much credit for Superior's outstanding record? Or was Keck suffering from withdrawal pains and did he want to inject himself back into company management?

Keck isn't talking. Though he has a son and an older brother, neither is now active—or is ever likely to be—at the company and Keck himself spends much of his time in Los Angeles these days. Which leads to another question: Is Superior for sale? One oil executive who knows Keck thinks he's ready to deal. In that case, Reid's team, with their spirit and commitment, might have scared away potential buyers. "Those guys put their heart and soul into Superior," says a corporate insider. "Ackman is an administrator and caretaker. Could you have a better guy if you are ready to sell?"

Indeed, Superior remains a tempting prize. In today's environment, the oil majors are clearly willing to spend huge sums to buy proven reserves, and Keck's company is richly endowed. What's more, it's better-than-50% wildcat success rate is among the highest in the industry. Morgan Stanley puts Superior's appraised value at over $70 per share, more than twice the current stock price, and earnings this year should top $400 million—up 20%—on sales of $2 billion. "The reserve base is tremendous, exploratory prospects are excellent and financial strength is impeccable," says Morgan Stanley's Thomas Hassen. Other oil analysts figure it might take $10 billion to buy the entire company. Big money? Yes—in the same league as what Du Pont paid for Conoco.

Since neither Keck nor the company is talking and since Reid is in the dark as to why he was fired, speculation and gossip are inevitable. The prevailing speculation is this: The vacillating and indecisive Keck is well aware that oil prices may have peaked and that now is the time to sell out; but he is of two minds about how to handle the heritage his father handed him. Psychology, not valuation analysis, may provide the final answers. ■

Why is Mobil bidding billions for Marathon, while Southland Royalty can't even get a bid it likes? Because of the outlook for the real price of oil.

The game changes

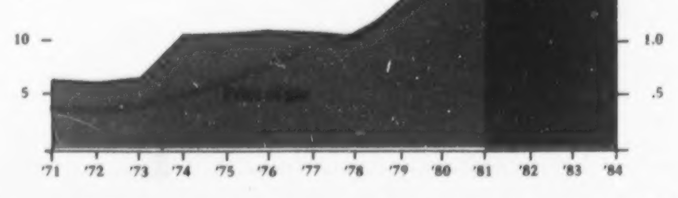
By Toni Mack

WHAT'S GOING ON in the oil patch? Southland Royalty, the Ft. Worth-based independent, put itself up for sale in September but said last month that it couldn't get a bid it liked. Yet Mobil has made a $5.1 billion offer for a reluctant Marathon Oil. Contradictory signs. What's going on? The game is changing. Some of the smartest oilmen in the Southwest are taking a hard look at the prospects for the price of oil and they don't see it rising significantly in the near future. Many in the oil patch, in fact, see a drop in real terms—the price of oil discounted by annual inflation. In spite of OPEC's agreement on a "unified" $34-a-barrel benchmark, there are many oilmen who think that, barring a major supply disruption, there will be plenty of oil to meet waning demand.

Robert Phaneuf, oil analyst at Kidder, Peabody in Dallas, thinks oil

Outlook: flat to down

Calculated in 1981 dollars, the price of oil has risen sharply, flattened out, risen again post-Iran and now looks—according to most forecasts—to be flattening again. Natural gas prices should continue to rise.



Sources: Independent Petroleum Association of America, for 1971-80. Consensus of oil forecasts for 1981-84: William Randol, First Boston; Robert Phaneuf, Kidder, Peabody & Co.; Greg Stoener, Underwood, Neuhaus; Stephen Maresca, Argus Research. Gas forecast: American Gas Association.

Cheap oil

Mobil's $85-a-share offer for Marathon Oil looks high, but it works out to about $3.50 per share of Marathon's reserves. The stock market had priced each barrel of oil and oil-equivalent reserves at $2.58 (total market value divided by barrels of U.S., Canadian and European reserves). The table also lists reserve prices, along with an estimate of their true value per share, for companies cited by oil analysts as acquisition candidates.

Company	Common stock price per bbl of reserves	Recent price per share	Estimated value of reserves & exploration acreage per share
Forest Oil	$2.49	$26.50	$109.91
Marathon Oil	2.58	63.75*	214.89
Sun Co	3.27	37.63	112.41
Consolidated Oil & Gas	3.69	14.00	36.58
Cities Service	4.25	44.00	109.34
Union Oil of Calif	4.25	38.13	87.76
General American Oil	4.81	36.00	59.19
Louisiana Land & Exploration	6.07	27.75	46.49
Supron Energy	6.40	26.88	43.50
Pennzoil	7.68	43.38	60.60

*Before Mobil offer.

Source: Bruce Lazier, Paine Webber Mitchell Hutchins

prices will hold at $34 through most of 1983—thus falling in real terms—and then will rise at 1% to 2% above inflation. Phaneuf is an optimist. Charles Maxwell of Cyrus J. Lawrence believes there's a 50% chance of a severe drop—below the $34 OPEC benchmark, to a price eventually stabilizing around $22 to $25.

In sum, oil is no longer an inevitably appreciating asset, and this is a problem for the independent exploration and production companies. When you can't count on next year's price rises to help pay for your exploration program, the high costs of acreage, drilling (now around $83 a foot) and money take the fun out of the game. "These costs make it very difficult to find new oil at discounted present net worth that makes sense," says George Mitchell of Mitchell Energy. The cost of finding a barrel of oil is $15 to $20 now, while First Boston's Thomas Petrie and William Randol figure the present net value of oil in the ground is $12. (Lifting costs, severance and windfall profits taxes and discounting account for the difference between $12 and $34.)

Faced with that kind of future in the business, independents like Southland Royalty are considering cashing in. Denver's Hamilton Brothers Petroleum has spoken of selling almost all its oil and gas reserves and giving shareholders the cash. Those are the kinds of companies that explore for small to medium-size pools of oil in places like Sweetwater, Tex.—dusty, out-of-the-way places. Because of their big company cost structure, oil majors like Mobil don't send drilling crews to Sweetwater. Rather, they talk of how hard it is to find the big discoveries. The oil majors as a group find one new barrel of oil for every three they produce, one new cubic foot of gas for every two they produce.

So for the major company like Mobil, needing fresh supplies of oil and gas to replenish its depleting reserves, the independent company becomes an attractive acquisition—especially as independents' stock prices have been slumbering at roughly half their 1980 highs for several months. As Mesa Petroleum's Chairman Boone Pickens puts it: "Why not buy stock and get oil in the ground for $3 a barrel?" *(see table above)*.

The costs of acreage, drilling (now around $83 a foot) and money are a problem. "These costs make it difficult to find new oil at discounted net worth that makes sense," says George Mitchell of Mitchell Energy.

If they don't choose to sell out, independent oil companies have the option of paring down to adjust to the new realities of oil. A company can pare down by selling producing properties or by spinning off reserves to direct ownership by shareholders in a royalty trust. By reducing his company's size, an oilman insures that a big discovery will have more of an impact—the kind of exciting possibility investors like. Independents are watching closely to see whether the royalty trust, a pare-down mechanism initiated by Mesa two years ago, will get tax-free trust status from the Internal Revenue Service.

Southland Royalty has pursued the royalty trust and is now selling out. President Jon Brumley, who built up Southland's assets through shrewd acquisitions, isn't saying much these days beyond his announcement last month that responses to Southland's public auction were unacceptable. But Alan Edgar of Dallas' Schneider, Bernet & Hickman gives this view of the company's thinking: "They're faced with a balance sheet that's heavily laden with debt because of the acquisitions. But they haven't made it as oil and gas finders, so they're selling out. You have to give them credit for realizing their limits." The stock market's view is clear. Southland stock jumped from 25¾ to 34½ on Sept. 15, the day after the sellout was proposed. But it dropped from 38⅜, near its asset value of around $40 per share, to 29¾ on Oct. 29, when no deal was announced.

Here are a few more candidates for sellout or spinoff:

- Adobe Oil & Gas, 23% owned by Billy Joe Pevehouse, who is said to be ripe for a sellout. "He's relaxed, he's rich and he's slowing her down," says an analyst.
- General American Oil, perennial object of merger rumors, may be considering a royalty trust. Its chunk of the East Texas field would make a good centerpiece for one.
- Forest Oil—56% owned by insiders—and Louisiana Land & Exploration, termed respectively "a country club company" and "the obvious dog of the crowd" by observers. No one knows whether either or both will sell out, but many think they should.

Not all energy companies are potential sellouts. Companies that produce mainly natural gas, like Texas Oil & Gas, still have a bright outlook because the price of gas will rise at a rate above inflation until deregulation in 1985, if not before. And many small exploration companies hold more promise than reserves.

Investors betting on a fat takeover premium should note Delhi International Oil, the Dallas-based company with oil and gas reserves in Australia. Delhi put itself up for sale in August of 1980. Its price on the American Stock Exchange rose from around $60 to $116.50, but nobody bid that much for the company. In September Delhi agreed to sell to an Australian company for $78 a share. ■

If business were as simple as a population curve, Wall Street's fascination with nursing home companies might be justified.

Gray gold

By Jeff Blyskal

TALES OF PATIENT-BEATINGS, druggings and deaths still abound, but on Wall Street at least the nursing home business is shedding its Dickensian image. Over the past three years, stock performance of the big proprietary chains has been anything but geriatric. Price/earnings ratios of 14 to 18 are common, and price gains are impressive: Beverly Enterprises, the $450 million industry leader, up around 700% since 1978; National Health Enterprises up an even greater 900%. Even the once-bankrupt Four Seasons Nursing Centers is now prospering under Anta Corp.

Almost everybody sees explosive nursing home growth in the offing. Because of a Thirties baby boomlet, the postwar baby boom and increasing longevity, an enormous bubble of future elderly will start pushing up the over-65 population—by 20% during the Eighties. If 5% of the elderly continue to go into nursing homes, as is the case today, what is now a $22 billion industry will balloon to $76 billion by 1990. There is already a shortage of nursing beds.

That's why the big nursing home chains are prospecting for acquisitions—much as the for-profit hospital companies did during the Seventies. So far this year California-based Beverly Enterprises has added over 10,000 beds, increasing its size by 25%. The fight for Cenco Inc. was a major Wall Street confrontation. Beverly Chairman Robert Van Tuyle sees boom times ahead for occupancy rates, translating into "significant revenue and earnings growth."

Right now, 70% of all nursing beds are in for-profit homes, and their number is growing about 1% annually. On average, a day in a proprietary home costs $32, $4 less than in an equivalent nonprofit facility, thanks to economies of scale.

No creaky joints

The nursing home industry is consolidating fast. Today the ten largest chains, listed here, account for 10% of the total number of beds in the country.

Company (where traded)	Number of beds
Beverly Enterprises (Amex)	38,488
ARA Services (NYSE)	31,325
National Medical Enterprises (NYSE)	14,534
National Health Enterprises (Amex)	9,951
Cenco Inc (NYSE)	6,469
AMI (not traded)	6,300
Unicare Services (o-t-c)	5,745
Mediplex (not traded)	5,738
Care Corp (o-t-c)	5,243
Continental Care Centers (o-t-c)	5,046

Source: Modern Healthcare, *data as of 12/31/80*

A Beverly Enterprises nursing home in Virginia

Nice . . . but can everyone afford it?

Still, the transfer from cold demographic statistics to the nursing home industry's income statement will not be automatic. For-profit homes did not come into their own until about 1965, when the state and federally funded Medicaid program became a major revenue source. Today Medicaid funds almost 50% of all nursing home services. Thus, over the past 15 years, most of the big chains have grown fast. The ten largest account for 10% of all nursing beds.

Now for the bad news: The new federal budget approved in August contains 3%, 4% and 4.5% Medicaid funding cutbacks over the next three years. This will likely touch off additional state cutbacks.

"Governments can't fund what they have now," says Deloitte Haskins & Sells partner James Dwight Jr., author of a recent National Council of Health Centers report on the future of long-term health care. He doesn't think government will be able to maintain its current proportion of nursing home funding. That could force a big downward recalculation of future demand estimates. "The assumption that everything will stay the same, except the population will grow, is probably not a good one," adds Dennis Fischer, Medicaid's financial administrator.

The importance of these changes isn't lost on nursing home executives. They just disagree about the effect. Lawrence Hill, who runs ARA Services' nursing care division, says the reimbursement squeeze is already on. He's projecting several lean years for nursing homes as the industry adjusts to reduced Medicaid fundings. Hill says there's no connection, but ARA is abstaining from the current takeover mania.

Van Tuyle agrees that public funding of long-term care won't continue at the present rate. But he doesn't think that will hurt business. "Families today make sure Grandma and Grandpa have distributed all their assets," he explains. "Then they put them in a nursing home and Medicaid picks up the tab. With fewer Medicaid approvals, they'll become private patients. That's more profitable for us."

Why more profitable? Private patients can afford higher levels of care because the money is coming out of their own—rather than government-regulated—pockets.

Indeed, the prospect of government cutbacks helped make Cenco so attractive that the successful middle-size chain sparked a bidding war between Manor Care and National Medical Enterprises. Manor won at a premium of about twice book value. Says Cenco's chairman, S.D. Brinsfield, "We're not as dependent on Medicaid as other chains, because we're strong in the private-pay market."

Whether that market will stay strong is the real question. If the choice is between sending Grandma and Grandpa to the nursing home or getting the furnace fixed, the old folks may well lose out. "Remember, before Medicaid there was no demand for nursing beds because people couldn't afford to pay for them," says Dwight.

The challenge for the industry is to provide service with more value or less cost. There are two promising approaches. Continuing care *(see box)* couples community living with conventional nursing facilities, while in-home care is a way of marketing to customers with less serious medical needs. Already, Beverly is experimenting with home services. That's a break-even business today, but with considerable potential. "There's no capital investment," says Van Tuyle. "All you need is trained people."

The graying of America, of course, won't necessarily bring a pot of gold to nursing home operators. Hard economic realities *could* bring back the extended family. But don't count on it: With housing increasingly expensive and with both spouses often working, many people will have no choice but to board out their oldsters. That is a guaranteed opportunity for someone. How the nursing home industry can exploit it is the real question. ■

Sun City—with an add-on

Worried about the day someone in your family may be ready for a nursing home? If institutional care sends shivers down your spine, consider continuing care—a concept that may be a wave of the future. Residents live independently as long as they can and then receive gradually increasing levels of health care. It's a bit like Sun City with a nursing home add-on.

At the Kendal at Longwood community, 25 miles south of Philadelphia, residents pay entry fees that run from $24,000 to $70,000. That buys space in 1 of 225 cottage-style housing units—ranging from small studios to spacious two-bedroom, two-bath suites. Minimum monthly fees of $700 per person—which can rise with inflation—cover meals, utilities and substantial health care.

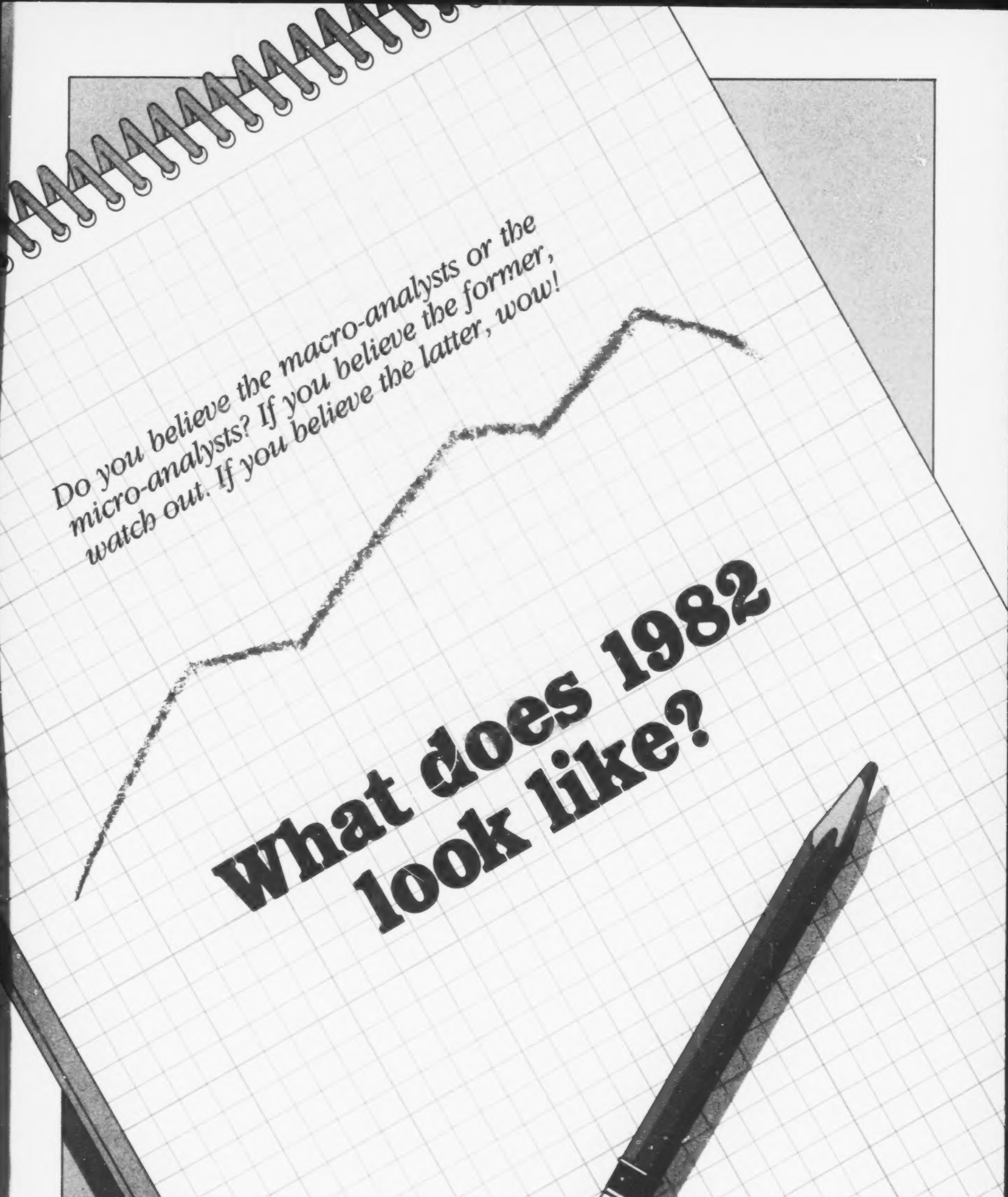
From the nursing home industry's perspective, however, there's one big catch. Kendal at Longwood, like most of the continuing care communities around the country, is a nonprofit organization—one of seven facilities run by Philadelphia Quaker groups. Most other denominations have similar programs.

Continuing care, of course, has been around since the Fifties, but the communities got a bad name several years ago, when Pacific Homes, a group of facilities run by the Methodist Church of California, went bankrupt. The church charged a one-time entry fee, based on then-current actuarial tables. The environment, however, was so pleasant that residents lived far longer than expected—playing havoc with the projected cost/income balance. That led to a tangle of litigation, which has been settled out of court. The Pacific Homes experience, however, scared many private companies away from continuing care. But the popularity of the concept and a massive market potential may lure them back.

Beverly Enterprises' Robert Van Tuyle, for example, likes continuing care because it removes some of the trauma a person experiences when entering a nursing home. "Residents deal with the same nursing staff and environment throughout," he explains.

Beverly's long-term plans include building new continuing care communities as well as acquiring existing retirement developments and adding nursing hospitals to them. Costs to the residents, Van Tuyle predicts, will be comparable to present outlays at nonprofit facilities, but economies of scale could allow margins somewhat better than the 6% now common at nursing-only locations.—**J.B.**

The nonprofit Kendal at Longwood continuing care community in eastern Pennsylvania
An independent, longer life for residents—and higher potential margins for national chains.



What does 1982 look like?

Do you believe the macro-analysts or the micro-analysts? If you believe the former, watch out. If you believe the latter, wow!

By Steve Kichen and Robert McGough

OUR ESTIMATES ARE FALLING like the proverbial stone," says Stanley Levine. He is a vice president of Lynch, Jones & Ryan, a New York brokerage house that keeps tabs on earnings projections for over 2,200 companies made by over 1,000 investment analysts, and over the past six months Wall Street forecasters have been reducing their numbers for both 1981 and 1982. But even with lowered expectations Wall Street still shows some optimism. Collectively, the experts expect 1981 to be a better year than 1980, and 1982 to be a better year than 1981. Levine's data, officially dubbed the Institutional Brokers Estimate System (IBES), now indicates a 20% earnings increase next year for the S&P's 500.

The IBES estimates for 1982 on the following pages reflect the averages of three or more earnings estimates for each company. Sometimes, as is the case with Texas Instruments, projections come from as many as 24 individual analysts—and this occasionally means there is considerable disagreement. The higher the percentage variation in estimates (that is, the figure printed in the last two columns of the tables beginning on page 135), the greater the difference of opinion. The broadest range of opinion, for example, exists with these companies:

High % variations in earnings estimates Company	
International Harvester	117.13%
Eastern Airlines	114.40
Republic Airlines	92.73
Ford	79.06
Revere Copper & Brass	56.63
Beker Industries	52.92
Tiger International	45.04
XTRA	34.76
Centran	33.25
Penn Central	31.87

A low number, on the other hand, means that the predictions generally cluster around the average:

Low % variations in earnings estimates Company	
International Multifoods	0.99%
Maryland National	1.05
Kidde	1.28
Amsouth Bancorp	1.31
Atwood Oceanics	2.05
Dominion Bankshares	2.10
First Atlanta	2.47
McQuay-Perfex	2.53
Family Dollar Stores	2.55
Hoover Universal	2.65

How accurate are the predictions? On a macro level, many experts think the overall IBES forecast of 20% may be elusive. Alan Murray, vice president of economics at Citibank, states flatly, "For me 15% is too high, but I wouldn't quarrel with 10%." E.F. Hutton economist Edward Yardeni shows even more constraint. "This recession has taken many analysts by surprise and there is a certain amount of wishful thinking about the magnitude of the problem," he cautions. "Actual results may be up only 5%." Otto Eckstein, chairman of Data Resources Inc., shrugs off the IBES numbers as "the usual analysts' optimism."

Conventional forecasters are by nature skeptical of Wall Street. Many of their number-crunching models monitor economic trends measuring from the top down, while corporate earnings estimators typically calculate from the bottom up. Rarely do the two approaches lead to identical conclusions. Which will be right? Neither the analysts nor the economic forecasters have brilliant records. But it's useful to know what the experts expect; these expectations do influence prices.

While the latest results indicate a general downward revision of earlier estimates, as usual there are some trend buckers. Over the last six months, in fact, IBES figures show analysts have raised some 1981 forecasts. Look where optimism reigns:

Size of upward revision Industry group	
Recreational vehicles	20%
Steel	12
Offshore drilling	7
Furniture manufacturing	6
Oilfield services & supplies	6
Retailing	5
Soft drinks	3
Nursing homes	2
Telephone utilities	2
Textiles	2

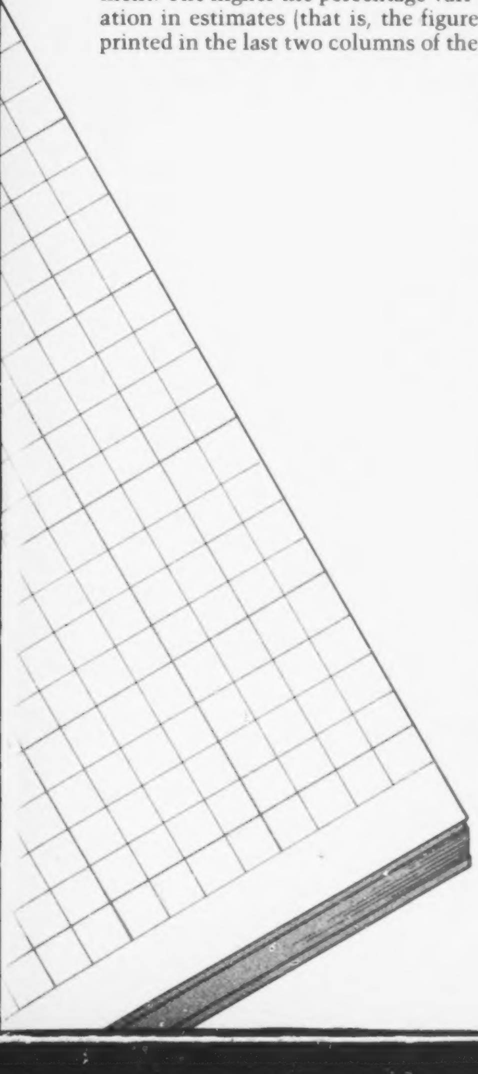
Elsewhere, however, there have been big negative revisions over the same period:

Size of downward revision Industry group	
Airlines	–56%
Coal	–35
Nonferrous metals	–29
Specialty chemicals	–17
Finance & loan	–15
Building materials	–14
Cement & aggregates	–14
Electronics	–14
Investment companies	–13
Auto parts	–12

Take the airline industry. "Traffic has been weak and pricing has been awful," notes Anthony Low-Beer of L.F. Rothschild. "We're flying blind this quarter," echoes John Pincavage of Paine Webber. So much for the overall pessimism.

Northwest Airlines, however, is projected to post a more than 140% earnings increase in 1982. Why? Low-Beer is impressed by its low-cost operations and elimination of operating difficulties that plagued 1981. Eva Davis Holman of Donaldson, Lufkin & Jenrette points out that Northwest is the only major carrier with no expensive new planes on order, and a large proportion of its fleet is economical wide-body aircraft.

It is divergences like the one between Northwest's prospects and its industry's that make the analysts' micro-numbers useful to investors. It is important to know which way the big trend is going, but it is just as important to know who is bucking the trend and who isn't. Significant, too, is the wide divergence this time between what the big-picture economic forecasters expect and what the close-up security analysts expect. If the big-picture boys are right, there could be disappointment and stormy weather ahead for the stock market. But if the analysts' estimates for individual corporate earnings are even close, there are some tremendous bargains to be found in the stock market.



Rising stars

Even though analysts are revising their estimates downward, many companies are still likely to earn more in 1982 than in 1981. The following table includes 203 companies that are projected to improve profits by 33% or better next year. The 12 biggest stars and their expected gains are highlighted here.

Tosco	377.2%	**Coastal Corp**	171.8%	**Lynch Communication**	141.5%
XTRA	295.1	**UAL**	164.3	**Pittston**	137.1
Sun Electric	223.9	**Arrow Electronics**	152.8	**Intel**	136.6
Allis-Chalmers	173.6	**Northwest Airlines**	141.9	**Asarco**	136.1

Company	Recent price	Earnings per share[1] 1980	Earnings per share[1] 1981 (est)	Earnings per share[1] 1982 (est)	% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2] 1981	% variation in earnings estimates[2] 1982
Advanced Micro-Devices	18⅞	$1.55	$0.70	$ 1.64	136.0%	11.51	53.36%	22.53%
Airborne Freight	9⅝	1.71	1.10	1.67	51.7	5.76	13.85	12.04
Akzona	11¼	0.26	1.49	2.22	49.0	5.07	5.19	17.29
Allen Group	15⅜	2.03	2.30	3.17	37.5	4.85	4.95	10.98
Allis-Chalmers	15⅛	3.60	1.11	3.04	173.6	4.98	78.21	25.66
Amarex	20¼	0.41	0.56	0.80	41.8	25.31	20.28	37.85
Amdahl	27¼	0.80	1.54	2.36	54.0	11.55	6.50	15.17
Amerada Hess	24⅜	6.44	4.70	6.56	39.6	3.71	11.80	13.95
American Airlines	13	–3.69	1.99	3.97	99.6	3.27	28.55	28.76
American Family	7⅜	1.36	1.28	1.77	37.7	4.17	8.11	11.78
Analog Devices	17¾	1.12	0.69	1.13	64.2	15.70	47.80	16.56
Apple Computer	18⅝	0.24	0.70A	1.35	92.9	13.80	6.57	5.57
Applied Materials	15	1.37	0.76	1.58	109.1	9.49	47.21	21.64
Arrow Electronics	12¾	1.82	0.60	1.52	152.8	8.39	16.67	36.16
Asarco	28⅞	7.31	2.02	4.77	136.1	6.05	31.33	38.43
Ashland Oil	31⅝	6.43	1.96	4.00	103.5	7.91	24.50	30.77
Avantek	17½	0.43	0.57	0.76	33.5	23.03	3.03	3.63
Avery International	22	2.51	2.46	3.61	46.5	6.09	8.23	10.50
Aydin	21¾	2.11	2.07	2.81	35.5	7.74	10.63	10.22
Barnes Group	18½	3.51	2.30	3.81	65.7	4.86	11.25	12.11
RG Barry	5¼	0.62	0.70	1.17	66.7	4.49	14.29	21.57
Beker Industries	8⅜	2.49	1.13	2.50	120.6	3.35	30.99	52.92
Bell & Howell	18⅞	3.41	2.62	3.64	38.9	5.19	19.21	14.52
Beneficial	19½	3.45	2.33	3.52	50.8	5.54	20.45	19.11
Bentley Laboratories	39¾	1.00	1.11	1.66	49.4	23.95	18.49	8.28
Biomedical Reference Labs	20¼	0.99	0.89	1.19	33.6	17.02	1.68	4.76
Black & Decker Manufacturing	15¼	2.14	1.63	2.27	39.6	6.72	12.90	9.87
Blocker Energy	15¾	1.20	2.17	3.10	43.1	5.08	6.66	11.63
Butler International	10	1.63	1.49	2.29	54.5	4.36	4.98	11.10
CADO Systems	15¼	0.94	1.22	1.79	45.9	8.52	5.27	4.78
Centex	24¼	2.66	2.94	4.21	42.9	5.76	11.62	15.35
Champion International	18¾	2.86	2.38	3.37	42.0	5.56	15.54	17.87
Champion Spark Plug	7¼	0.96	1.04	1.44	38.2	5.03	29.58	23.20
Cherry Electrical Products	10¼	1.29	1.39	1.97	42.3	5.20	6.15	6.37
Chieftain Development	14⅝	0.66	0.67	0.92	37.6	15.90	8.66	3.15
Clark Equipment	28½	4.76	3.62	4.88	35.0	5.84	16.33	28.50
Coachmen Industries	7½	–2.09	1.08	1.67	53.9	4.49	13.32	17.32
Coastal Corp	40	4.52	1.45	3.95	171.8	10.13	110.81	16.51
Coherent	15	0.65	0.81	1.63	101.8	9.20	24.89	27.85
Colonial Penn Group	16¼	3.29	1.64	2.77	69.5	5.86	48.70	25.84
Computer & Com Tech	23	0.65	0.94	1.27	36.0	18.11	2.67	16.17
Computervision	32¾	0.90	1.26	1.77	39.6	18.50	4.08	5.08
Consolidated Freightways	32⅜	3.20	4.73	6.34	34.0	5.11	5.60	9.37
Consolidated Oil & Gas	14⅝	0.11	0.84	1.18	40.5	12.39	21.06	23.41
Core Laboratories	23½	1.37	1.78	2.40	34.6	9.79	3.24	4.17
Cray Research	36¾	0.85	1.29	1.83	41.6	20.08	5.27	10.48
Crown Zellerbach	27¼	1.66	2.27	3.51	54.2	7.76	19.93	17.60
Cullinane Database Systems	60½	1.47	1.93	2.74	41.8	22.08	14.31	9.21
Cummins Engine	37⅝	–1.31	7.39	10.26	38.9	3.67	49.97	17.33
Dana	25¼	2.43	3.55	4.83	35.8	5.23	5.84	7.82
Data General	49¾	5.20	4.02	5.65	40.4	8.81	5.56	10.49

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

Rising stars

Company	Recent price	Earnings per share[1]			% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2]	
		1980	1981 (est)	1982 (est)			1981	1982
Dataproducts	22¼	$2.21	$1.83	$ 3.09	68.5%	7.21	14.57%	24.65%
Dayco	13½	1.10	1.14	1.88	65.3	7.18	7.30	20.71
Deere	36	3.72	4.10	5.48	33.7	6.57	7.60	11.17
DeKalb AgResearch	23	3.60	2.86	4.10	43.0	5.61	16.43	11.84
Delta Air Lines	59½	6.50	7.21	11.19	55.3	5.32	29.69	19.21
Dravo	17¾	1.69	2.04	2.90	41.8	6.12	17.27	13.48
Eastern Gas & Fuel Associates	21⅞	2.45	2.09	3.18	52.2	6.89	9.72	8.16
Eaton	32⅛	4.18	4.00	6.09	52.2	5.28	17.77	8.41
Echlin Manufacturing	10½	0.55	0.70A	1.57	124.3	6.69	17.31	12.86
Emhart	30	5.37	4.61	6.53	41.7	4.59	2.81	5.38
Evans Products	21	2.96	1.52	3.14	106.1	6.69	46.68	31.77
Farah Manufacturing	10¼	0.64	1.42	2.03	43.5	5.05	35.70	49.75
Fieldcrest Mills	20	4.66	3.09	4.77	54.1	4.20	10.12	14.02
Finnigan	8⅜	0.49	0.59	1.04	75.9	8.05	13.27	8.94
Firestone Tire & Rubber	9⅝	–0.99	1.49	2.15	43.8	4.48	12.85	15.08
Fleetwood Enterprises	13	0.22	0.77	1.47	91.6	8.84	19.65	20.76
Flexi-Van	22⅜	2.00	1.75	3.04	73.7	7.36	18.86	10.38
Forest Oil	25¾	0.31	1.14	1.66	45.4	15.51	22.15	31.87
Four-Phase Systems	33½	1.06	1.48	3.18	114.8	10.53	7.88	27.25
Foxboro	48½	3.87	4.43	5.92	33.5	8.19	8.27	8.44
Freeport-McMoran	24	2.60	2.87	3.95	37.9	6.08	6.56	19.20
Fruehauf	23	2.63	2.66	4.82	81.5	4.77	15.05	23.15
GAF	13½	0.53	1.18	1.76	48.7	7.67	19.94	33.70
GDV	19⅞	1.82	2.32	3.17	36.7	6.27	4.98	9.12
Gearhart Industries	28⅞	1.84	2.53	3.41	34.3	8.47	5.26	9.64
General Datacomm Industries	9⅜	0.77	0.69	0.99	43.1	9.47	27.75	17.90
General Dynamics	24⅜	3.58	2.93	4.04	37.6	6.03	13.55	8.78
General Motors	40¾	–2.65	3.68	8.64	134.6	4.72	15.82	19.21
General Portland	44⅝	3.65	2.77	3.83	38.1	11.64	22.38	18.75
General Tire & Rubber	25	1.68	3.08	4.19	36.1	5.97	17.13	14.53
Georgia-Pacific	19⅝	2.28	1.98	2.87	44.8	6.84	15.80	14.80
Gifford-Hill	19½	3.22	2.74	3.83	39.9	5.09	8.74	12.37
Gillette	28¾	4.11	3.50	5.01	43.3	5.74	7.42	8.33
Gino's	9½	1.67	0.90	1.83	103.7	5.19	60.09	56.77
Global Marine	19⅝	1.73	2.53	3.99	58.1	4.92	4.53	10.88
BF Goodrich	20½	3.37	3.72	4.96	33.4	4.13	13.19	17.91
Goodyear Tire & Rubber	16½	2.85	3.08	4.16	35.2	3.97	12.27	9.30
GPU	5¼	0.34	0.64	1.16	80.0	4.53	29.25	9.80
Graniteville	9⅞	2.54	1.41	2.25	59.6	4.39	17.08	11.11
Grumman	27¾	2.27	2.19	3.79	73.0	7.32	17.92	14.71
Hexcel	23¾	2.31	1.83	2.78	51.5	8.54	16.43	11.10
Hospital Corp of America	39⅛	1.73	2.22	2.97	33.9	13.17	1.80	3.34
Host International	13¾	2.88	1.22	2.84	133.3	4.84	17.04	16.82
Inco	14	2.56	1.28	2.37	85.6	5.91	28.16	29.53
Intel	24¼	2.21	0.81	1.92	136.6	12.63	23.37	20.52
Intergraph	21	0.50	0.59	1.01	71.9	20.79	10.54	14.71
Intl Flavors & Fragrances	19¼	1.73	1.58	2.13	34.8	9.04	5.23	7.07
International Tel & Tel	28¾	5.50	4.49	6.13	36.5	4.69	26.93	5.62
Johns-Manville	15⅜	2.47	1.31	2.73	107.8	5.63	21.62	21.43
Justin Industries	18	2.09	1.83	2.99	63.4	6.02	31.13	19.80
Kaufman & Broad	10½	1.76	1.36	1.86	36.1	5.65	21.44	17.62
Koppers	17⅞	2.02	2.06	3.01	46.2	5.94	11.57	16.14
Kulicke & Soffa Industries	13¼	2.27	0.64	1.24	93.8	10.69	15.03	25.88
Levitz Furniture	36	3.10	3.32	4.72	42.3	7.63	5.70	13.43
Libbey-Owens-Ford	26⅞	2.70	2.59	4.69	81.5	5.73	35.52	9.36
Lockheed	37⅛	1.50	3.08	4.67	51.8	7.95	20.23	28.11
Louisiana Pacific	18¼	1.96	1.18	2.45	107.2	7.45	61.99	31.73
Lowe's Cos	20	1.45	1.65	2.32	40.7	8.63	12.07	17.75
Lynch Communication Systems	12⅛	–1.35	0.51	1.24	141.5	9.78	12.28	16.62

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual.

Source: Institutional Brokers Estimate System; Lyncb, Jones & Ryan

Rising stars

Company	Recent price	Earnings per share[1]			% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2]	
		1980	1981 (est)	1982 (est)			1981	1982
M/A-Com	26	$0.77	$1.07	$1.45	36.1%	17.93	3.57%	5.01%
Macmillan	14¼	0.75	0.90	1.40	55.6	10.18	19.25	9.45
Management Assistance	11¼	1.26	0.98	1.53	56.8	7.35	33.25	23.13
Materials Research	15½	1.35	1.00	1.85	85.0	8.38	46.73	15.13
Mattel	7¾	0.12	0.84	1.33	59.2	5.83	33.73	15.49
May Petroleum	26¾	0.80	1.32	1.84	39.8	14.54	11.63	10.99
McDermott	33¼	2.07	3.92	5.84	48.8	5.69	11.24	12.91
McGraw-Edison	33⅛	3.12	4.35	6.40	47.2	5.18	2.07	8.99
MCI Communications	26⅛	0.18	1.02	1.57	52.7	16.64	16.01	20.78
Measurex	15⅞	2.09	1.33	2.19	65.1	7.24	26.76	19.05
MGM Grand Hotels	8¾	1.05	0.91	1.50	65.0	5.83	19.87	19.29
Millipore	17⅜	1.40	1.25	1.88	50.7	9.24	18.67	17.51
Milton Bradley	23¾	4.17	3.21	4.53	41.2	5.24	12.82	11.96
Minnesota Mining & Mfg	51⅝	5.78	5.28	7.07	34.0	7.30	10.69	6.37
Modern Merchandising	10⅜	0.11	1.35	1.88	38.6	5.52	33.77	15.72
Mohasco	13¼	0.26	1.41	2.20	56.0	6.02	35.67	41.29
Mohawk Data Sciences	13⅛	1.53	1.21	2.16	77.6	6.08	33.00	17.93
Munsingwear	15	–2.90	1.05	1.95	85.7	7.69	31.23	24.73
Nashua	18	4.60	3.40	4.84	42.3	3.72	13.43	16.57
National Semiconductor	19⅜	2.37	1.19	2.26	90.6	8.57	48.20	47.95
National Steel	23¾	1.65	3.55	4.77	34.3	4.98	7.12	17.85
Newmont Mining	57⅞	7.71	4.05	6.16	52.1	9.40	35.28	24.54
Newpark Resources	17	1.16	1.75	2.45	40.1	6.94	5.20	9.16
North American Coal	29⅜	3.07	1.57	2.76	75.7	10.64	16.48	9.64
Northrop	45⅜	6.04	4.09	6.17	51.1	7.35	16.33	17.02
Northwest Airlines	32¾	0.33	1.70	4.13	141.9	7.93	38.63	20.28
Nucor	56¾	6.62	5.98	9.08	51.9	6.25	14.17	13.47
Outboard Marine	14¾	0.28	2.66	3.76	41.7	3.92	4.11	5.38
Overhead Door	9½	0.82	0.92	1.75	89.2	5.43	46.18	11.66
Owens-Corning Fiberglas	23⅜	1.78	2.21	3.26	47.6	7.17	12.08	26.65
PACCAR	72¼	9.83	10.61	15.46	45.8	4.67	5.69	7.72
Paradyne	40	0.74	1.19	1.84	54.4	21.74	5.73	9.77
Peabody International	6⅜	–0.75	0.61	1.02	66.2	6.26	32.32	17.39
Phelps Dodge	35	4.20	3.62	5.34	47.3	6.55	15.94	32.17
Pittston	25⅛	2.06	1.04	2.47	137.1	10.17	42.18	13.19
Pizza Inn	7	0.59	0.67	0.93	40.0	7.53	4.33	29.50
Polaroid	20⅝	2.60	2.44	3.38	38.2	6.10	13.28	10.98
Ponderosa System	14¼	0.60	1.92	2.67	38.8	5.34	12.19	19.22
Pope & Talbot	16⅞	1.80	1.16	2.52	117.8	6.70	56.47	29.48
Potlatch	31¾	3.25	2.46	3.57	45.2	8.89	20.23	26.53
Prime Computer	24⅜	1.07	1.27	1.80	41.1	13.54	3.17	8.14
Products Research & Chemical	9⅜	0.80	0.79	1.09	38.4	8.60	14.72	10.21
PSA	18⅞	2.28	3.33	5.85	75.9	3.23	44.23	15.39
Pulte Home	12¼	1.89	1.59	2.89	81.1	4.24	22.49	17.48
Quaker State Oil Refining	13¼	1.19	1.24	1.76	41.5	7.53	19.14	13.53
RCA	17⅜	3.27	2.19	3.09	41.5	5.62	14.62	14.57
Redman Industries	11¼	0.76	1.16	1.81	56.3	6.22	11.75	13.58
Resorts International	17¼	3.85	2.21	3.37	52.6	5.12	41.71	18.99
Rexnord	15	2.03	1.80	2.46	36.4	6.10	13.55	6.74
Reynolds & Reynolds	18	2.33	1.42	2.23	56.3	8.07	3.81	10.26
RLC	10	1.86	1.26	2.37	88.7	4.22	19.53	10.46
Ryan Homes	16¼	2.32	1.64	2.71	65.3	6.00	18.13	22.55
Ryland Group	12⅞	2.12	1.30	2.56	97.1	5.03	10.42	20.11
Scientific-Atlanta	27⅞	0.90	1.30	1.77	36.4	15.75	7.03	7.36
SFE Technologies	13½	1.11	0.99	1.74	76.3	7.76	3.20	14.98
Singer	15⅜	1.92	2.04	3.21	57.5	4.79	9.24	27.21
Skyline	14	0.60	0.98	1.67	70.3	8.38	22.89	9.28
Sony	16½	1.51	1.37	1.83	33.9	9.01	9.53	6.06
Southwest Forest Industries	18½	3.11	1.75	2.79	59.4	6.63	40.25	31.99

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

Rising stars

Company	Recent price	Earnings per share[1] 1980	1981 (est)	1982 (est)	% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2] 1981	1982
Spectra-Physics	20⅞	$2.21	$0.74	$1.71	131.3%	12.21	42.87%	28.65%
Sperry Corp	30⅞	7.50	5.41	7.26	34.3	4.25	19.31	14.99
Sta-Rite Industries	12⅛	–0.20	1.61	2.21	36.6	5.49	7.81	9.89
Standard Pacific	9⅝	2.10	1.26	2.36	87.3	3.97	19.72	28.95
Sullair	11¾	1.21	0.80	1.43	77.8	8.22	17.79	20.48
Sun Electric	10¼	2.02	0.59	1.91	223.9	5.37	25.75	22.37
Tandem Computers	29¾	0.35	0.70	1.08	53.8	27.55	5.37	9.39
Teradyne	30¼	2.75	1.17	2.68	128.8	11.29	20.74	21.14
Texas Industries	31⅞	4.23	4.18	5.93	41.7	5.37	12.96	12.87
Texas Instruments	82½	9.22	5.13	8.86	72.8	9.31	14.48	12.71
Texas International	29⅛	0.76	1.01	1.54	51.5	18.91	20.13	32.67
Thomas Nelson	11½	0.37	0.86	1.25	44.8	9.20	12.71	6.93
Tiger International	12	2.05	1.63	2.53	55.0	4.74	50.52	45.04
Tosco	21⅞	2.15	0.54	2.59	377.2	8.45	136.38	37.70
Trans World	17⅛	–0.05	2.58	4.94	91.2	3.47	24.38	13.36
Triad Systems	33½	0.80	1.32	2.00	51.3	16.75	5.69	8.01
UA Columbia Cablevision	88	1.45	1.79	2.38	33.4	36.97	6.75	8.48
UAL	19⅝	0.70	1.65	4.37	164.3	4.49	40.42	28.27
US Home	15⅛	3.32	2.06	3.22	56.2	4.70	21.96	19.44
US Surgical	25	0.90	1.21	1.65	36.5	15.15	2.66	5.32
Universal Resources	17⅜	1.00	1.45	1.94	33.6	8.96	8.90	15.10
Varian Associates	27¾	2.66	1.36	2.68	98.0	10.35	17.00	23.19
Wainoco Oil	15¼	0.71	0.76	1.21	59.0	12.60	12.41	20.86
Warner-Lambert	19½	2.41	1.57	2.63	67.6	7.27	45.56	7.24
Watkins-Johnson	23¼	2.23	2.25	3.04	35.0	7.65	12.29	11.28
Wavetek	10¼	0.57	0.73	1.12	53.7	9.15	8.85	9.32
Western Union	29	1.80	2.40	3.22	34.3	9.01	5.91	13.61
Weyerhaeuser	26	2.47	2.06	3.46	68.0	7.51	13.47	23.94
Whittaker	34½	3.90	4.57	6.26	37.0	5.51	2.18	7.40
Wickes Companies	11¾	0.50	1.74	3.19	83.2	3.68	21.35	17.39
Willamette Industries	26	3.98	3.16	4.46	41.3	5.83	10.46	18.63
Wyle Laboratories	8¾	1.07	0.84	1.34	58.6	6.53	14.49	14.63
XTRA	14⅝	1.95	0.74	2.93	295.1	4.99	31.74	34.76
Zapata	31¾	2.18	3.37	4.64	37.5	6.84	17.66	15.42

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

Falling stars

Next year will have its quota of losers, too. These ten companies should show earnings declines in 1982. To screen out startups and troubled firms, the table excludes companies expected to earn less than 50 cents a share.

Company	Recent price	Earnings per share[1] 1980	1981 (est)	1982 (est)	% decrease of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2] 1981	1982
Boeing	26⅞	$6.23	$5.18	$2.79	–46.1%	9.63	6.33%	26.92%
Continental Group	34¾	6.11	6.97	6.90	–1.1	5.04	10.35	9.08
Dayton Power & Light	13¼	1.85	2.24	2.23	–0.6	5.94	6.62	5.40
Florida Steel	21	3.14	3.44	3.32	–3.5	6.33	8.92	22.38
Ideal Basic Industries	21¾	4.75	3.53	3.40	–3.7	6.49	18.25	40.48
MassMutual Mtg & Rlty Invs	12⅝	1.61	1.93	1.87	–3.1	6.75	5.63	13.16
Mortgage Growth Investors	12½	1.37	1.60	1.42	–11.5	8.80	29.81	7.35
Pabst Brewing	13¾	1.55	0.87	0.85	–2.7	16.18	48.23	57.53
Philadelphia Electric	13⅜	2.00	2.14	2.13	–0.7	6.28	4.96	4.63
Southern Calif Edison	27¼	3.50	4.67	4.51	–3.4	6.04	2.57	7.90

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

Overlooked stars

For many companies 1981 was an off year but based on 1982 earnings estimates, these 167 stocks are on the bargain counter. All have price/earnings multiples on projected 1982 earnings of 4.75 or less. The 12 cheapest stocks and their multiples are highlighted below.

LTV	2.08	**PSA**	3.23	**Occidental Petroleum**	3.32
British Petroleum	2.89	**American Airlines**	3.27	**Beker Industries**	3.35
USAir	3.12	**Kaiser Aluminum & Chem**	3.28	**Ozark Air Lines**	3.37
Royal Dutch Petroleum	3.22	**Coleco Industries**	3.30	**Dan River**	3.45

Company	Recent price	Earnings per share[1] 1980	1981 (est)	1982 (est)	% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2] 1981	1982
Alaska Interstate	20¾	$5.30	$ 3.82	$ 4.43	16.1%	4.68	15.29%	27.08%
Allegheny International	34	4.11	7.91	8.71	10.2	3.90	6.68	9.47
Allied Corp	42	8.59	9.32	10.72	15.0	3.92	3.78	5.97
Aluminum Company of Amer	23¼	6.54	4.33	5.18	19.6	4.47	9.04	18.26
Amerada Hess	24⅜	6.44	4.70	6.56	39.6	3.71	11.80	13.95
American Airlines	13	–3.69	1.99	3.97	99.6	3.27	28.55	28.76
American Business Products	11½	2.15	2.12	2.45	15.3	4.69	11.61	14.72
American Family	7⅜	1.36	1.28	1.77	37.7	4.17	8.11	11.78
American Hoist & Derrick	16⅝	3.09	3.28	3.71	13.1	4.48	7.04	11.15
American National Insurance	12	2.21	2.47	2.65	7.1	4.53	8.16	11.78
American Stores	25	4.11	4.46	5.62	26.0	4.44	7.70	12.00
Ameritrust	29	6.33	6.61	7.20	9.0	4.03	1.99	3.12
Amsouth Bancorp	19	3.85	4.07	4.38	7.6	4.36	1.59	1.31
ARA Services	26⅛	5.33	4.90	5.62	14.7	4.65	8.80	3.97
Armco	27⅜	3.83	5.09	5.93	16.5	4.61	4.92	11.35
Atlanta Gas Light	15¼	3.10	3.15	3.48	10.6	4.38	2.75	7.08
Atwood Oceanics	25	0.64	5.53	6.13	10.8	4.08	4.64	2.05
Avco	20⅝	4.69	3.94	5.12	30.0	4.03	6.34	4.81
Bankers Trust NY	32	7.22	6.73	7.57	12.4	4.23	3.90	5.47
RG Barry	5¼	0.62	0.70	1.17	66.7	4.49	14.29	21.57
Beker Industries	8⅜	2.49	1.13	2.50	120.6	3.35	30.99	52.92
Bethlehem Steel	20½	2.77	3.91	5.18	32.5	3.96	17.43	24.73
Bic Pen	11⅞	1.80	2.05	2.54	23.9	4.68	7.56	5.97
British Petroleum	21¼	8.16	6.76	7.35	8.7	2.89	18.50	8.97
Brockway Glass	13⅞	2.32	2.54	3.06	20.4	4.53	9.48	8.45
Business Men's Assurance	29⅜	5.05	5.49	6.25	13.8	4.70	2.45	6.32
Butler International	10	1.63	1.49	2.29	54.5	4.36	4.98	11.10
Canadian Pacific	34	8.10	7.10	7.69	8.2	4.42	12.80	8.40
Carolina Freight Carriers	15¼	2.57	2.72	3.38	23.9	4.52	4.89	3.06
Central Hudson Gas & Elec	16⅝	3.38	3.51	3.53	0.4	4.72	6.73	3.55
Centran	18	6.70	–0.31	4.83	NM	3.72	NM	33.25
Chemical New York	55⅜	9.72	11.03	11.87	7.6	4.67	4.43	6.66
Cluett, Peabody	12⅞	1.57	2.44	2.94	20.5	4.38	2.24	8.10
Coachman Industries	7½	–2.09	1.08	1.67	53.9	4.49	13.32	17.32
Coleco Industries	7¼	1.83	1.69	2.20	29.9	3.30	13.70	14.01
Colonial Life & Acc Ins	14¼	2.70	2.78	3.15	13.3	4.52	3.01	5.50
Cone Mills	31¼	8.88	6.17	7.45	20.8	4.19	13.76	12.20
Cummins Engine	37⅝	–1.31	7.39	10.26	38.9	3.67	49.97	17.33
Dan River	12⅞	3.42	2.96	3.73	26.3	3.45	6.72	11.96
Dorsey	19⅝	2.66	4.05	4.80	18.6	4.08	10.56	9.46
Eastern Airlines	6½	–1.96	–0.59	1.42	NM	4.58	NM	114.40
Emhart	30	5.37	4.61	6.53	41.7	4.59	2.81	5.38
Ethyl	23¾	4.37	4.40	5.19	17.9	4.58	6.15	8.66
Exxon	30	6.50	7.10	7.23	1.7	4.15	4.43	7.30
Fairchild Industries	14¼	3.97	3.94	4.00	1.4	3.56	10.85	18.80
Family Dollar Stores	7¾	1.37	1.46	1.71	16.6	4.51	1.31	2.55
Federal	19	2.47	3.47	4.50	29.7	4.22	16.09	22.22
Fidelcor	23⅝	2.86	4.67	5.13	9.8	4.61	11.34	12.59
Fieldcrest Mills	20	4.66	3.09	4.77	54.1	4.20	10.12	14.02
Figgie International	14⅞	3.20	3.52	3.88	10.2	3.83	3.27	3.99

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual. NM: Not meaningful.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

Overlooked stars

Company	Recent price	Earnings per share[1]			% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2]	
		1980	1981 (est)	1982 (est)			1981	1982
Firestone Tire & Rubber	9⅝	$–0.99	$1.49	$2.15	42.8%	4.48	12.85%	15.08%
First & Merchants	26½	5.05	5.43	5.76	6.1	4.60	1.90	3.87
First Atlanta	23½	3.46	4.87	5.08	4.4	4.62	2.87	2.47
First Bank System	34½	7.02	6.99	7.93	13.5	4.35	3.32	7.57
First Commerce	26¾	5.21	5.36	5.87	9.6	4.56	3.81	6.55
First National Boston	44	8.30	8.93	9.73	8.9	4.52	1.77	3.04
First Union	20¼	4.02	4.40	4.81	9.4	4.21	5.92	7.90
First Wisconsin	28¾	7.02	7.26	7.83	7.8	3.67	7.31	3.69
General Motors	40¾	–2.65	3.68	8.64	134.6	4.72	15.82	19.21
Genstar	17⅜	4.77	3.90	4.88	25.2	3.56	14.10	11.12
Golden Nugget	22¾	–0.34	4.30	5.11	18.9	4.45	9.16	10.51
BF Goodrich	20½	3.37	3.72	4.96	33.4	4.13	13.19	17.91
Goodyear Tire & Rubber	16¾	2.85	3.08	4.16	35.2	4.02	12.27	9.30
GPU	5¼	0.34	0.64	1.16	80.0	4.53	29.25	9.80
Graniteville	9⅞	2.54	1.41	2.25	59.6	4.39	17.08	11.11
Greyhound	15⅛	2.50	3.07	3.33	8.7	4.54	6.29	6.93
Gulf & Western Industries	16⅞	3.12	3.75A	3.81	1.6	4.43	1.29	6.26
Hammermill Paper	26⅞	5.04	5.37	5.93	10.5	4.53	6.60	6.78
Hanover Insurance	29	7.30	7.50	7.90	5.3	3.67	6.67	17.48
Walter E Heller International	19⅜	3.61	3.76	4.19	11.5	4.62	1.23	4.82
Hoover Universal	18⅜	2.19	3.00	3.89	29.6	4.73	0.00	2.65
Household International	15¼	2.75	2.65	3.45	30.6	4.41	9.33	9.15
Hyster	34¼	6.44	5.82	7.25	24.5	4.72	19.93	12.43
Inland Steel	25⅛	1.38	4.33	5.66	30.6	4.44	7.94	20.59
International Harvester	9	–9.82	–4.47	2.10	NM	4.29	NM	117.13
International Multifoods	19⅛	3.49	3.83	4.27	11.5	4.47	1.58	0.99
International Tel & Tel	28¾	5.50	4.49	6.13	36.5	4.69	26.93	5.62
InterNorth	28½	4.70	5.63	6.55	16.3	4.35	2.76	5.09
Irving Bank	48	9.75	11.08	12.25	10.6	4.34	2.72	3.11
IU International	12¼	2.98	2.62	3.10	18.3	3.95	9.36	13.74
JWT Group	18⅝	3.40	3.15	4.00	27.0	4.66	10.41	11.69
Kaiser Alum & Chem	16½	5.91	4.66	5.03	8.0	3.28	8.06	19.78
Kemper	30⅜	6.57	6.18	6.92	12.0	4.39	7.12	9.30
Kerr Glass	12⅛	1.72	2.26	2.63	16.6	4.60	12.14	12.56
Kidde	40¾	7.41	8.42	9.45	12.3	4.31	1.23	1.28
Kroger	21½	3.69	4.06	4.61	13.5	4.67	2.69	5.11
Lone Star Industries	25¾	5.25	4.53	5.43	19.8	4.74	12.46	15.42
M Lowenstein	27¾	1.14	5.20	6.02	15.7	4.61	5.09	3.75
LTV	16⅜	3.95	7.67	7.86	2.5	2.08	14.62	20.89
Manhattan Industries	11⅞	1.47	2.82	3.28	16.5	3.62	7.42	8.84
Manufacturers Hanover	35½	6.91	7.41	8.02	8.2	4.42	7.54	6.77
Maryland National	21¼	4.47	5.00	5.45	8.97	3.90	2.26	1.05
McDonnell Douglas	27¼	3.15	4.81	5.76	19.8	4.73	7.51	9.67
McQuay-Perfex	12¾	2.43	2.48	2.96	19.5	4.30	1.80	2.53
Mead	23¼	4.72	4.66	5.18	11.1	4.49	5.43	10.52
Mobil	26⅜	6.63	6.40	6.98	9.0	3.78	4.94	8.73
Moore McCormack Resources	30	5.50	5.82	7.04	20.9	4.26	3.50	8.68
Morse Shoe	19¼	3.65	3.47	4.15	19.6	4.63	11.21	8.76
Murray Ohio Manufacturing	18⅜	2.73	3.32	3.99	20.1	4.60	3.64	5.37
Nashua	18½	4.60	3.40	4.84	42.3	3.82	13.43	16.57
National Can	18⅞	5.36	3.88	4.42	14.2	4.27	16.60	8.50
National City	29¾	6.62	5.55	6.42	15.7	4.63	5.36	4.72
Natomas	23⅜	4.02	4.50	5.57	23.7	4.20	7.27	10.38
NBD Bancorp	23½	6.27	5.73	6.39	11.7	3.67	6.41	6.69
NCNB	14⅛	2.61	2.87	3.20	11.4	4.42	6.36	8.00
NCR	43⅛	9.51	9.02	10.66	18.2	4.05	4.47	7.38
New England Merchants	30½	6.63	7.66	7.98	4.2	3.82	8.18	3.58
Northwest Bancorporation	24¾	4.51	4.72	5.34	13.1	4.64	3.02	6.12
Northwestern National Life Ins	23⅝	4.53	4.70	5.04	7.2	4.69	9.52	9.70

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual. NM: Not meaningful.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

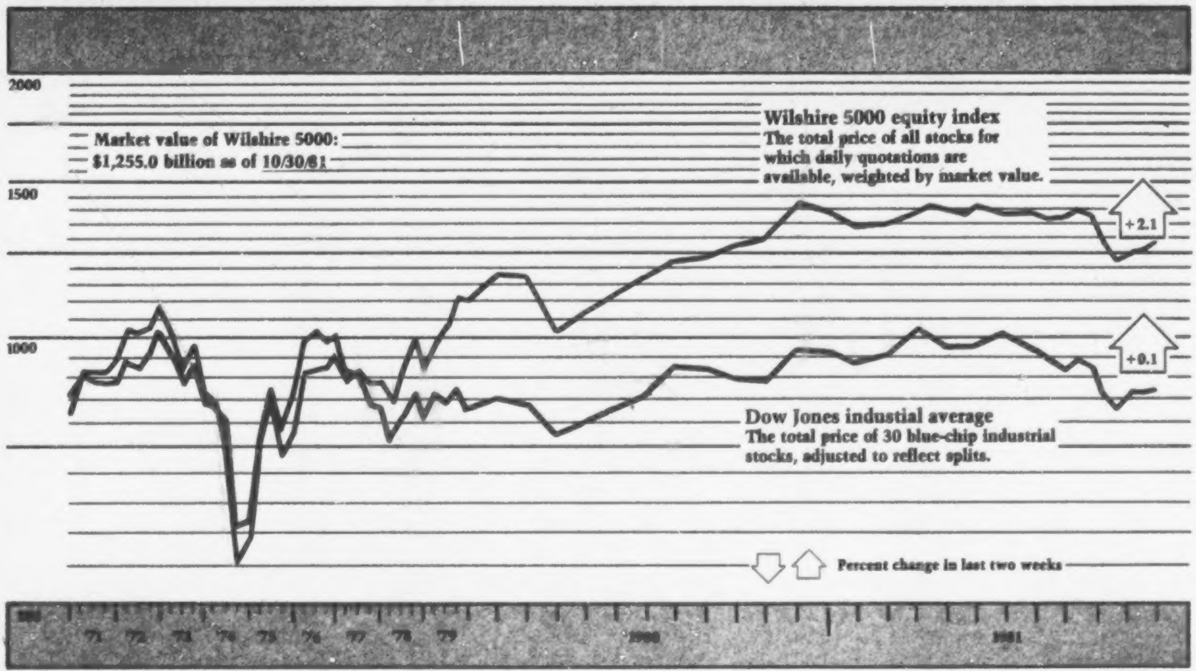
Overlooked stars

Company	Recent price	Earnings per share[1] 1980	Earnings per share[1] 1981 (est)	Earnings per share[1] 1982 (est)	% increase of 1982 over 1981	P/E based on 1982 estimates	% variation in earnings estimates[2] 1981	% variation in earnings estimates[2] 1982
Occidental Petroleum	24⅜	$8.31	$7.06	$7.34	3.9%	3.32	8.82%	11.90%
Olin Corp	20½	3.08	3.93	4.53	15.2	4.53	3.13	5.54
Outboard Marine	14¾	0.28	2.66	3.76	41.7	3.92	4.11	5.38
Overseas Shipholding Group	19	3.06	3.75	4.30	14.8	4.42	7.51	11.74
Ozark Air Lines	9½	–0.04	2.25	2.82	25.2	3.37	11.11	29.19
PACCAR	72¼	9.83	10.61	15.46	45.8	4.67	5.69	7.72
Panhandle Eastern	33⅜	5.40	6.13	7.04	14.9	4.74	3.65	6.51
Penn Central	37⅞	2.72	8.51	10.42	22.5	3.63	27.08	31.87
Pentair	18⅝	4.17	3.73	4.66	24.9	4.00	3.08	5.19
Philadelphia National	29½	7.00	6.90	7.72	12.0	3.83	9.53	12.97
Phillips-Van Heusen	14⅛	1.79	2.64	2.99	13.4	4.72	16.41	11.75
Pittsburgh National	25	4.49	4.85	5.36	10.5	4.66	2.26	2.99
PSA	18⅞	2.28	3.33	5.85	75.9	3.23	44.23	15.39
Pulte Home	12¼	1.89	1.59	2.89	81.1	4.24	22.49	17.48
Republic Airlines	4⅝	–1.19	–0.51	1.19	NM	3.87	NM	92.73
Republic New York	36⅝	6.74	6.73	7.75	15.1	4.73	4.54	8.53
Republic Steel	24½	3.15	6.47	6.86	6.0	3.57	9.55	18.46
Reynolds Metals	26⅝	8.32	5.59	5.70	1.9	4.67	11.14	24.80
Riegel Textile	21	4.40	4.47	4.90	9.6	4.28	15.80	7.33
RLC	10	1.86	1.26	2.37	88.7	4.22	19.53	10.46
Royal Dutch Petroleum	30¼	10.00	7.49	9.39	25.3	3.22	20.12	18.06
Russ Togs	14	2.53	2.96	3.25	9.8	4.31	2.34	4.62
Safeway Stores	25	4.57	4.82	5.56	15.5	4.50	7.26	6.34
SeaCo	19⅛	4.62	4.21	5.17	22.7	3.70	6.16	5.59
Shell Trans & Trading	25	6.92	5.27	6.78	28.8	3.69	12.21	25.50
Sheller-Globe	9⅝	–0.52	2.05	2.50	22.0	3.85	11.95	10.00
Southeast Banking	18½	3.24	3.46	3.89	12.5	4.75	2.90	3.28
Sperry Corp	30⅞	7.50	5.41	7.26	34.3	4.25	19.31	14.99
Springs Mills	22½	1.20	4.20	5.15	22.6	4.37	4.04	9.46
SPS Technologies	26⅞	4.56	5.19	6.00	15.5	4.48	2.18	4.28
AE Staley Manufacturing	19¼	3.51	4.75A	4.98	4.8	3.86	6.86	24.02
Standard Oil (Ohio)	41⅞	7.37	8.14	8.83	8.5	4.74	3.28	5.27
Standard Pacific	9⅜	2.10	1.26	2.36	87.3	3.97	19.72	28.95
Stone Container	17⅜	2.78	3.00	3.70	23.3	4.70	0.00	11.06
Stop & Shop Cos	21⅜	3.01	4.51	5.44	20.8	3.93	4.56	12.31
Tenneco	31⅝	5.94	6.35	7.21	13.5	4.38	2.37	3.13
Tennessee Valley Bancorp	9¼	1.82	1.98	2.30	16.16	4.02	7.70	11.50
Tesoro Petroleum	18¾	4.94	3.68	4.67	26.8	4.02	7.30	23.02
Texaco	32¾	8.31	8.79	9.29	5.7	3.53	4.79	7.48
Tiger International	12	2.05	1.63	2.53	55.0	4.74	50.52	45.04
Trans World	17⅛	–0.05	2.58	4.94	91.2	3.47	24.38	13.36
Transway International	21[illegible]	4.23	4.19	4.74	13.0	4.48	6.44	9.06
Trinity Industries	15½	2.95	3.06	3.63	18.6	4.27	5.39	10.33
Union Carbide	48	10.48	10.82	12.22	13.0	3.93	4.53	9.81
Uniroyal	8⅜	–0.30	1.70	2.26	32.7	3.71	14.88	19.04
USAir	11⅞	3.59	2.97	3.81	28.4	3.12	15.45	18.54
US Steel	28	5.25	6.37	7.19	12.7	3.90	13.33	18.79
UAL	19⅝	0.70	1.65	4.37	164.3	4.49	40.42	28.27
USLIFE	22⅝	4.03	4.32	4.82	11.5	4.70	3.26	5.00
Van Dorn	14½	2.01	2.32	3.07	32.3	4.73	7.14	14.88
Wells Fargo	27	5.32	5.54	6.29	13.5	4.29	6.11	6.49
Westinghouse Electric	25⅝	4.71	5.11	5.57	9.0	4.60	3.24	6.69
Wetterau	9⅞	2.13	2.24	2.65	18.3	3.73	12.57	13.21
White Consolidated Inds	27¼	3.90	5.17	6.02	16.4	4.53	4.74	4.67
Wickes Companies	11¾	0.50	1.74	3.19	83.2	3.68	21.35	17.39
FW Woolworth	19	4.53	3.89	5.12	31.4	3.71	10.67	7.53
Xerox	40⅜	7.33	7.52	8.54	13.7	4.73	3.73	5.07

[1] For fiscal years ending June through May of the following year. [2] Percentage around the average, in which two-thirds of analysts' estimates fall. The lower the percentage, the greater the agreement among the analysts. A: Actual. NM: Not meaningful.

Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan

The Forbes/Wilshire 5000 Review



Make way for a fall rally. Wall Street is getting serious about regaining lost ground. There should be considerable testing over the next few months, but barring unexpected bad news the market seems largely to have discounted the current recession. The mood is upbeat, and investors are looking ahead to better times. Good news is also to be had. Interest rates are moving down, if only temporarily, and Mobil's tender offer for Marathon Oil has brought back much of the old takeover excitement. The Wilshire, which hit a low of 982.40 in 1980, is not likely to fall that low again.

Over the last four weeks, the Wilshire gained 2.7%—a winning streak that is no small potatoes. It helped restore almost $39 billion in market value. The speculative secondary stocks are helping to pull up the averages. The NASDAQ index gained a hefty 5.9%, but investors are picking and choosing very carefully. Even though the Dow industrials fell 1%, the NYSE index, a much better measure of large industrial stocks, performed about in step with the Wilshire. The fall rally, it seems, is stronger at the ends than in the middle.

If the economy rebounds in the second half of next year, smaller companies have the greatest potential to leverage their growth. Our investor yardsticks show Wall Street's growing affinity for these stocks. Still, investors have not been ignoring bargains among higher-grade industrials. These stocks, too, made impressive gains.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones Industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	2.7	–1.0	2.6	1.4	5.9
in last 52 weeks	–3.0	–7.8	–3.9	–7.1	1.3

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	7.8	3.3	4.8	5.0	2.9	5.4	7.2	3.3	3.7	4.8
in last 52 weeks	1.9	10.1	–4.6	8.1	8.3	4.7	3.3	6.2	–2.9	8.2

* A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

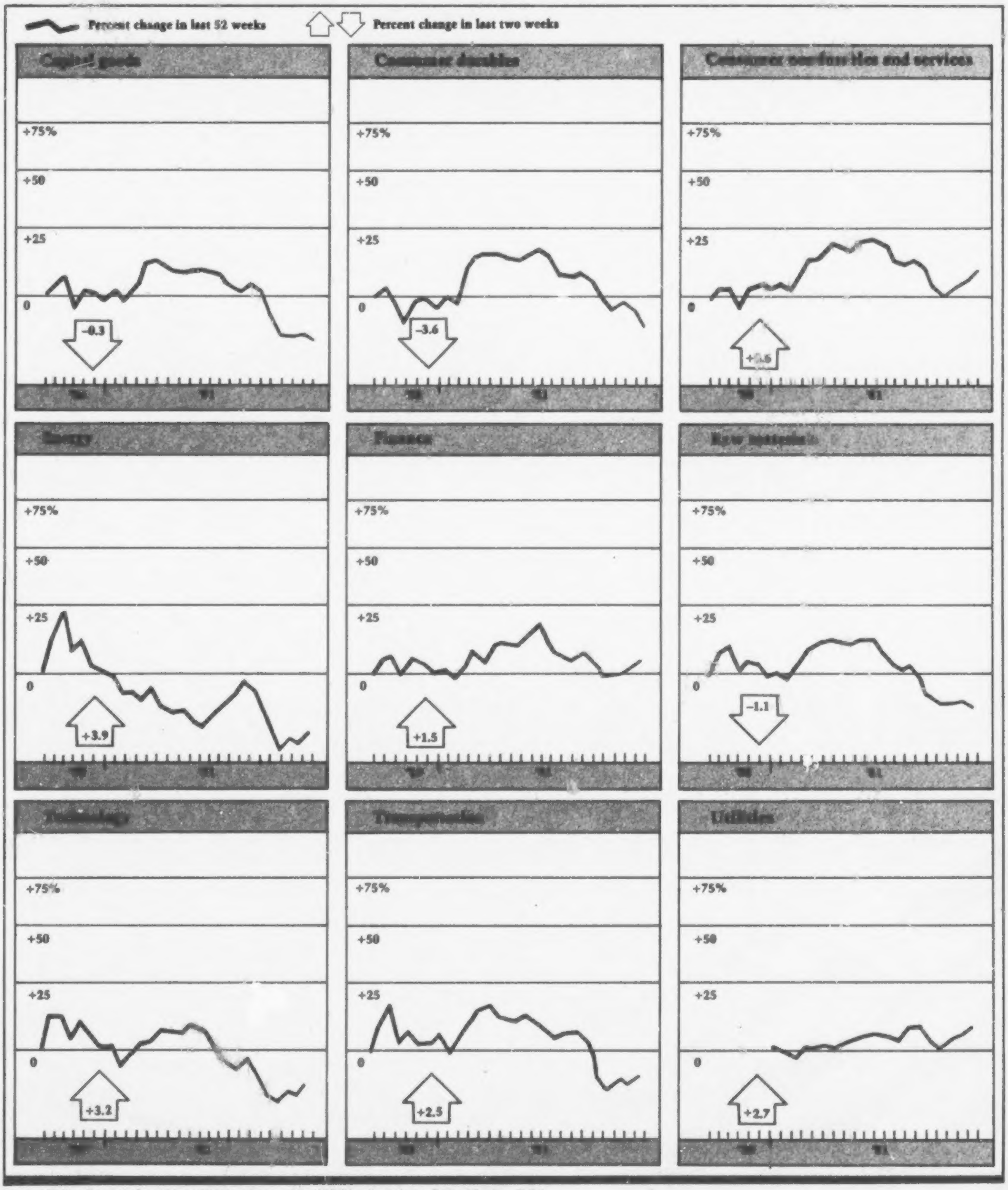
† A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/30/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Another high-stakes poker game? Having lost the battle for Conoco to Du Pont, Mobil is now making a bid for Marathon Oil. Mobil's tender offer helped to kick off a new round of acquisition fever in the energy sector and pushed energy securities up 3.9% over the last two weeks.

Technology stocks, meanwhile, continued on a comeback trail with a 3.2% gain. Black boxes are back in style on Wall Street. Utilities continued their recent strength with a 2.7% advance, and consumer nondurables were up 2.6%. These two sectors have been behaving well over the past several months. Also, they show the best relative performance of all groups over the last 52 weeks. Minor setbacks were posted by raw materials and capital goods down 1.1% and 0.3% respectively. And consumer durables, still reeling from the latest collapse in auto and housing sales, took its lumps again. This sector fell 3.6%.



Note: All data for periods ending 10/30/81 . Prepared by Wilshire Associates, Santa Monica, Calif.

DECEMBER 7, 1981 TWO DOLLARS FIFTY CENTS

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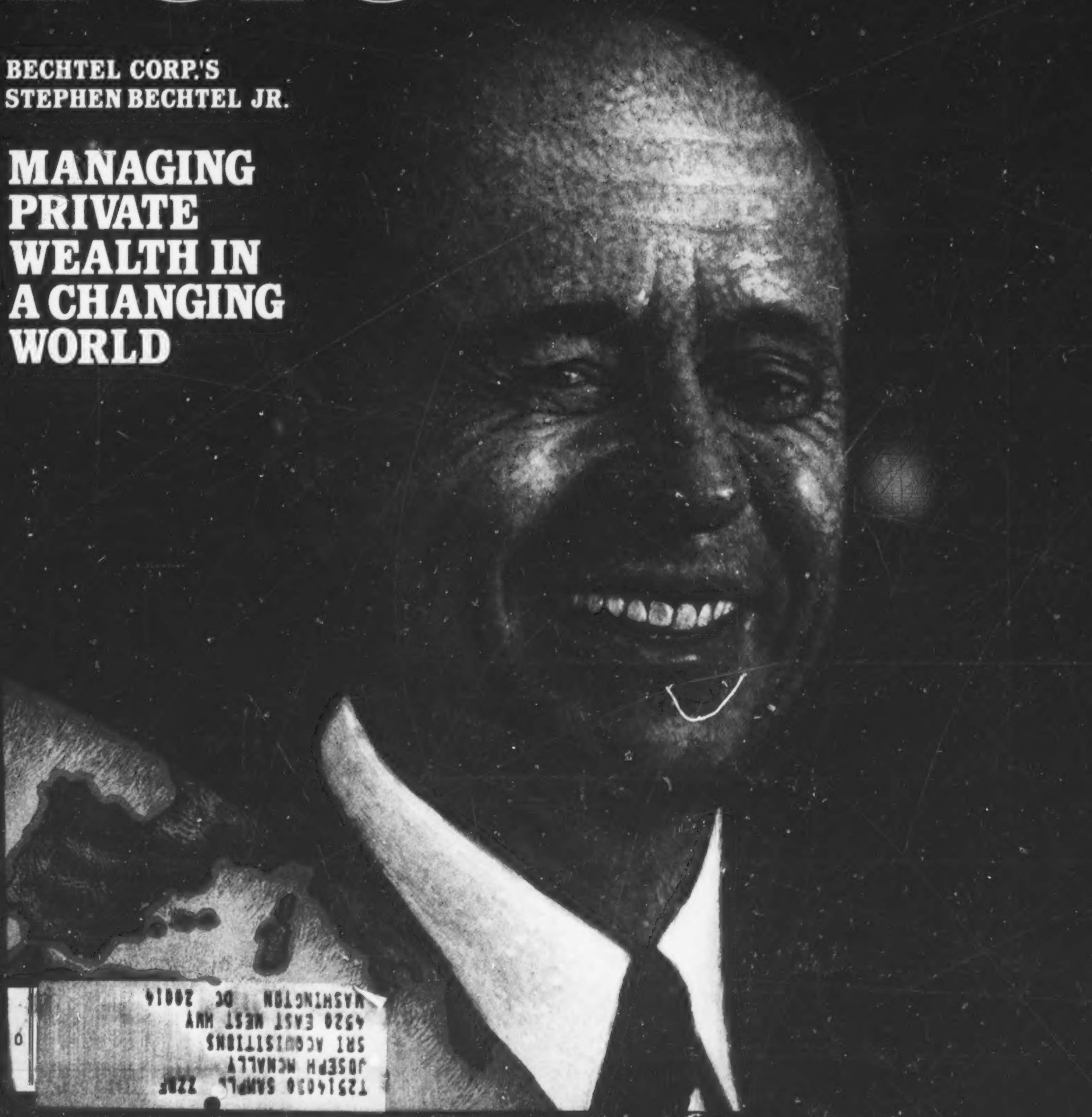

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MANAGING PRIVATE WEALTH IN A CHANGING WORLD

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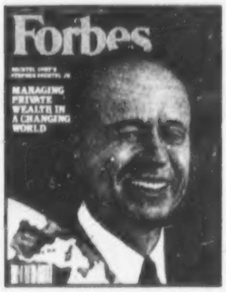
Forbes

December 7, 1981
Volume 128,
Number 12



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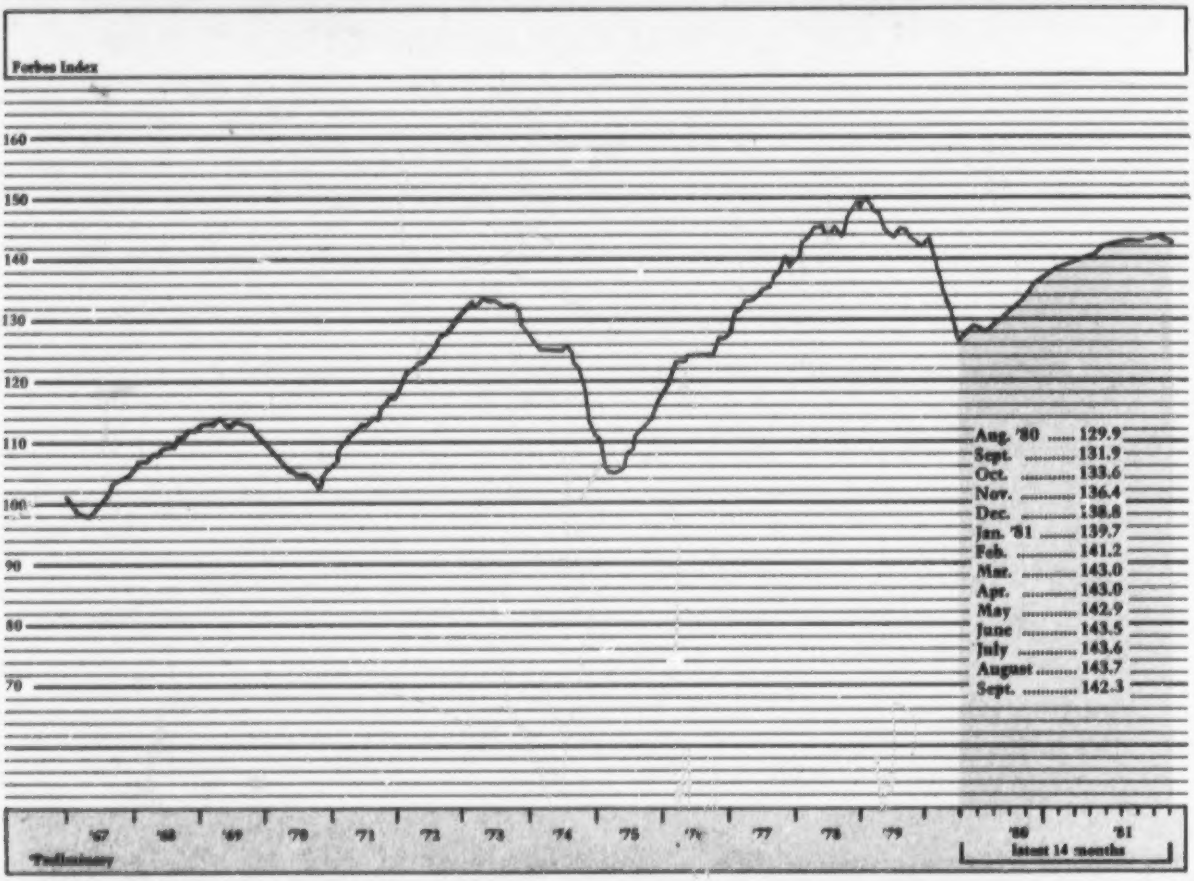
The Forbes Index



Aug. '80	129.9
Sept.	131.9
Oct.	133.6
Nov.	136.4
Dec.	138.8
Jan. '81	139.7
Feb.	141.2
Mar.	143.0
Apr.	143.0
May	142.9
June	143.5
July	143.6
August	143.7
Sept.	142.3

The Forbes Index Components

It's downhill from here. Initial indications are that the next figure for the Forbes Index is going to be even lower. Two key economic indicators—industrial production and retail sales—were each down 1.5% from the previous month. The fact that the economy is in a recession is no longer in dispute. Now it's a matter of how bad the slump will be.

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements:

Total industrial production

New claims for unemployment compensation

The cost of services relative to all consumer prices

The level of new orders for durable goods compared with manufacturers' inventories

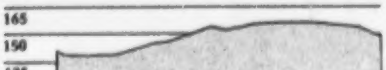
Total retail sales

New housing starts

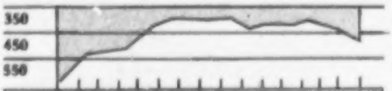
Personal income

The change in the amount of consumer installment debt outstanding

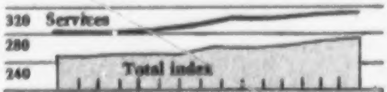
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



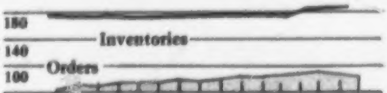
Industrial production index (1967=100) seasonally adjusted (Federal Reserve)



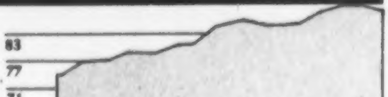
Unemployment claims (thousands) seasonally adjusted (Dept. of Labor)



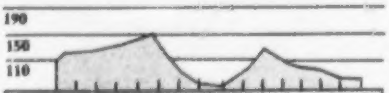
Consumer price indexes (1967=100), all urban consumers, unadjusted (Dept. of Labor)



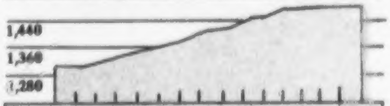
Manufacturers new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



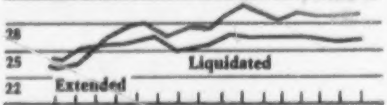
Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)

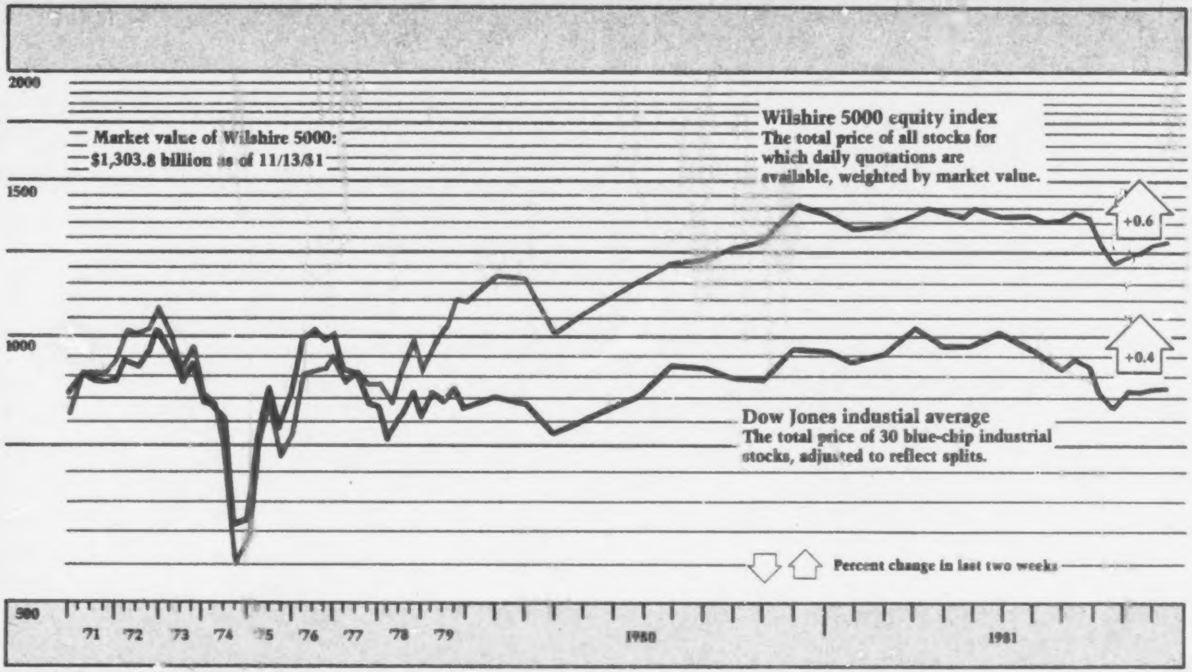


Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

The Forbes/Wilshire 5000 Review



Good times, bad times. A healthy round of interest rate cuts helped Wall Street eke out some gains over the past two weeks. But investor enthusiasm was restrained by indications of continuing economic deterioration and the developing donnybrook in Washington. The little guys made the most out of this sweet and sour situation: NASDAQ stocks jumpd 2.5% and the ASE Market Value Index, 1.8% over the past two weeks.

Bigger-capitalization stocks, meanwhile, moved ahead only slightly—and selectively. The Dow Jones industrial average and the NYSE composite index were in the black, while the S&P's 500—a cross-sectional measure of America's industrial and financial heartland—retreated 0.2%. On the whole, the market didn't do too badly. The Wilshire, the most comprehensive measure, gained 0.6%, or more than $49 billion in market value.

Now, the optimists expect declining interest rates to drive capital out of money market funds and back into common stocks. Don't be too sure: Investors will have to feel more confident about the economy's overall strength before they are willing to go full throttle into the equity markets. In the meantime, money managers are doing a great deal of picking and choosing. The biggest emphasis was on stability, not speculation. Over the past four weeks, investors loaded up on low volatility, low-P/E, high-yield and higher priced securities.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	2.6	0.5	2.5	3.4	5.2
in last 52 weeks	–9.9	–13.2	–10.3	–9.8	–0.8

Stock performance based on five key investor yardsticks

Percent change	Volatility *		P/E multiple		Dividend yield		Growth profile †		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.6	4.7	2.3	3.8	5.3	1.9	3.7	3.9	3.2	2.9
in last 52 weeks	–2.5	12.7	–11.1	4.5	9.1	2.0	–1.0	7.4	–5.0	8.6

* A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

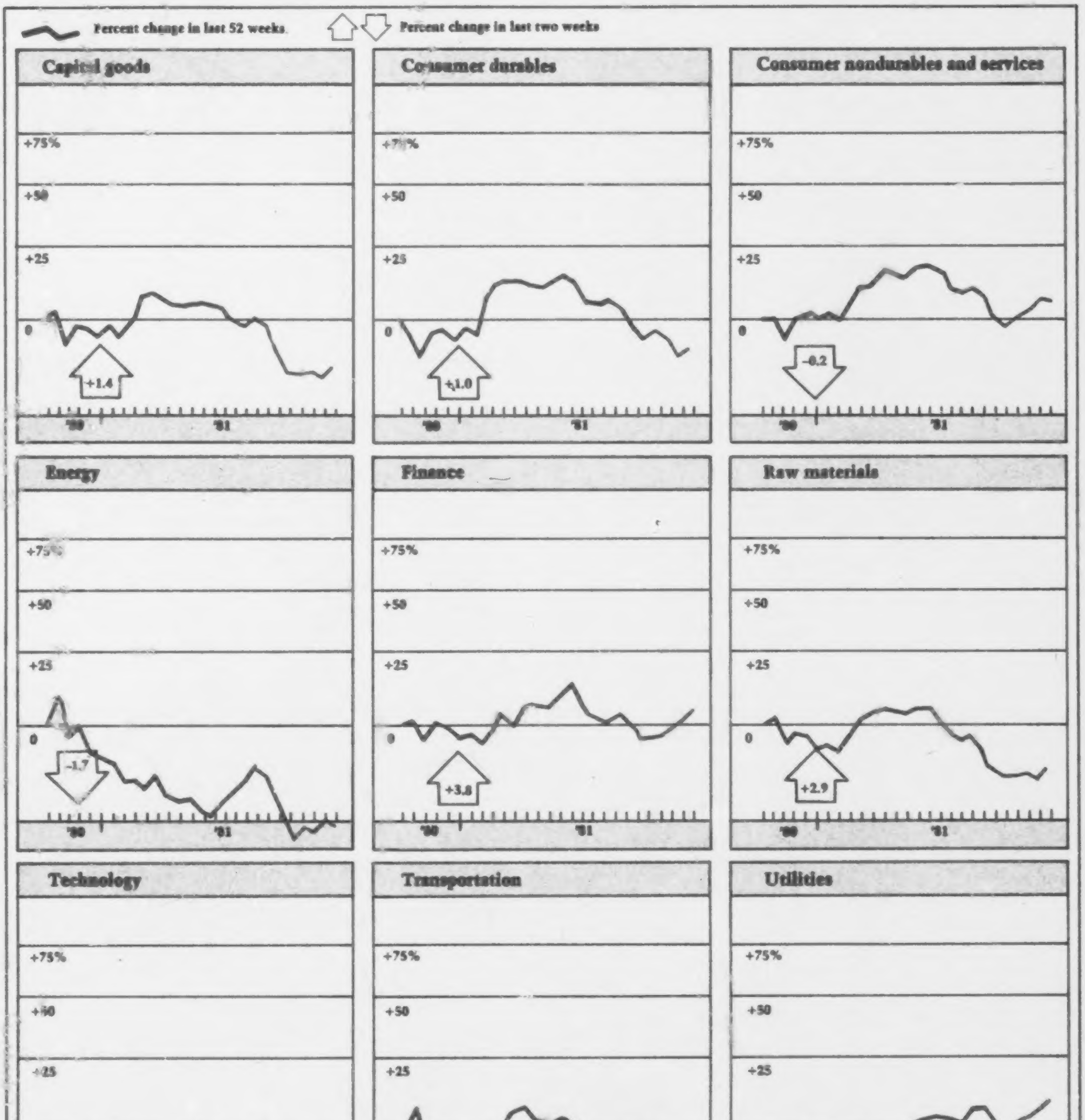
† A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 11/13/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Banking on cheaper money. A falling prime rate helped boost a large number of major banks to 52-week stock market highs. This pushed the finance sector to the head of the pack over the past two weeks with a 3.8% gain. Utilities also stand to benefit from lower interest rates, and they shared a similar-size gain. Other strong sectors were raw materials and capital goods.

Mobil's bid for Marathon skidded on several legal oil slicks, and this helped burn off some investor enthusiasm for energy stocks. The sector slid back 1.7%. In fact, all the recent episodes of merger fever have not been enough to counteract the effects of the oil glut. Over the past 52 weeks the energy group—the poorest performing of all nine traded here—fell over 27%. The second poorest performing sector has been the technology group. It lost an additional 1.6% in the most recent two weeks.



Note: All data for periods ending 11/13/81. Prepared by Wilshire Associates, Santa Monica, Calif.

If the cost of money keeps falling, some sharp earnings increases will come at those firms where creditors have been knocking loudly at the door.

The bright side of short-term debt

By Steve Kichen
and Paul Bornstein

When interest rates are climbing, short-term debt means big trouble. By definition short-term debt includes all obligations due in 12 months or less, and financing costs can move up just as fast as a soaring prime. The damage to earnings can be deadly.

There's a flip-side to this relationship. When rates are falling, companies with a hefty load of short-term debt will experience the joys of cheaper money almost immediately. That affects the income statement too, but in a positive way. Interest expenses are deducted before taxes. So for every dollar of short-term interest a company avoids, another 50 cents flows to the bottom line, assuming a 50% overall corporate tax rate.

Big corporations typically meet their short-term credit needs through the commercial paper markets, where they can get money for 30 or 60 days at as much as 400 basis points below prime. Many smaller companies, on the other hand, resort to straightforward bank credit. Sometimes this is priced well above the prime. The important thing to remember, however, is that both types of carrying costs will decline if interest rates continue to drop. This Statistical Spotlight attempts to measure that change in terms of per-share earnings.

The accompanying table ranks companies with high levels of short-term debt relative to net income. The third column—EPS gain with 1% interest rate drop—is the most interesting: It indicates how many cents per share a company's earnings are likely to rise with every 1% decline in interest costs. To make the table a company also had to show a profit over the latest 12 months and to have revenues of $82 million or greater. Since they are normally considered interest-

Measuring the gains from falling interest rates

If interest rates fall, so do carrying costs of short-term debt. These 25 companies, ranked by the ratio of debt to net income, should benefit immediately. The third column estimates per-share gains for every 1% drop in rates.

Company/principal business	Short-term debt/net income	Short-term debt (million)	EPS gain with 1% interest rate drop	Latest 12 months			52-week price range	Recent price
				EPS	P/E ratio	revenues (million)		
Empire of Carolina/toys	109.7	$ 21.8	$0.10	$0.22	19.9	$ 82.8	9¼– 3⅞	4⅜
Imperial Industries/building materials	47.1	6.3	0.01	0.06	31.3	102.8	3½– 1¾	1⅞
TFI Cos/bldg materials, food	38.6	12.2	0.02	0.16	11.7	195.1	3⅛– 1⅝	1⅞
Burroughs/computer equipment	35.6	613.5	0.08	0.41	NM	3,142.4	55¾–27⅛	31¼
Norlin/multicompany	34.3	12.0	0.03	0.19	NM	293.0	16⅞–12¼	15¼
Coastal Corp/refining, marketing oil	31.4	206.8	0.05	0.98	37.5	5,979.2	59½–25¼	36¾
Kellwood/apparel	30.6	111.8	0.16	1.04	9.7	616.7	13½– 8⅝	10⅛
Elcor/engineering services	28.6	12.3	0.02	0.12	NM	274.0	19⅜– 9½	11
Allied Products/metal fabricating	26.7	4.8	0.01	0.05	NM	270.3	11 – 7	8⅝
KDT Industries/retail	25.7	37.7	0.03	0.20	22.5	867.9	9¾– 4½	4½
Jewelcor/retail jewelry	23.3	25.2	0.04	0.78	6.1	175.1	7⅝– 3⅜	4¾
Struthers Wells/industrial equipment	21.3	13.6	0.02	0.24	40.6	82.5	26 – 9	9¾
Jim Walter/building materials	20.5	390.2	0.12	1.09	15.5	2,020.4	32 –16⅝	16⅞
Warner-Lambert/proprietary drugs	20.2	194.1	0.01	0.12	NM	3,442.0	25 –17	19¾
Newberry Energy/electrical construct	18.6	10.3	0.04	0.85	8.5	140.5	10¾– 7	7¼
LSB Industries/industrial equipment	17.7	32.8	0.05	0.61	7.4	82.6	7 – 4	4½
Fairfield Communities/building	16.8	60.1	0.20	2.43	6.2	82.0	20⅝–11⅜	15
Saxon Inds/paper products, copiers	16.3	63.4	0.05	0.56	8.9	738.5	8⅞– 4	5
CHB Foods/food processing	15.7	56.7	0.09	1.16	5.0	289.8	8½– 5⅛	5¾
Resorts International A/hotels, casinos	15.1	22.4	0.01	0.14	NM	336.5	31⅝–12½	18⅝
Standard-Pacific/building	14.4	78.2	0.10	1.36	6.4	96.6	18⅛– 8⅝	8¾
Faberge/cosmetics	13.5	26.1	0.02	0.34	51.5	260.5	28½–12	17½
Grolier/publishing	13.4	28.9	0.01	0.17	13.2	336.6	3⅛– 1¼*	2¼
RCA/multicompany	12.4	868.2	0.06	0.02	NM	7,985.5	33 –16¾	17⅜
Gaylords National/retail	11.3	8.0	0.03	0.58	3.4	121.8	3½– 1⅝	2

*Price range for 1981. NM: not meaningful.

Source: Standard & Poor's Compustat

sensitive stocks, banks, insurance and other financial institutions have been excluded.

As a look at the table indicates, some firms' lower interest rates will provide a handsome bonus. Fairfield Communities, for example, a real estate developer and builder with $60 million in short-term debt, might add another 20 cents per share to the bottom line for each 1% drop in interest rates. Another builder, Standard-Pacific, could add 10 cents with each 1% rate decline.

Although firms such as Imperial Industries and TFI Cos. do not show as much potential for absolute earnings change as Fairfield or Standard-Pacific, building companies in particular offer a double-barreled advantage. A drop in interest expense adds a few cents immediately to earnings, a much stronger kicker is likely to come from an industry turnaround sparked by lower mortgage rates.

Seasonal borrowing to finance inventories also puts a heavy short-term debt burden on many companies—and a drop in these costs would be especially good news for several firms. Empire of Carolina, a toy manufacturer, is a good example. Our estimates show that for every 1% drop in interest rates Empire could add another 10 cents in earnings. Empire earned just 22 cents during the latest 12 months, so a 2% drop in rates may mean earnings will double. Similar though less dramatic changes in earnings could come at Allied Products, Elcor and Imperial Industries.

Be aware, however, that there is considerable variation in the cash positions of some of the firms in our table. Burroughs, for instance, has over $600 million in short-term debt, which it is using to support finished inventories. It may need to borrow more to help finance the Memorex merger. With only $49 million in cash and cash equivalents, the big computer maker is hardly flush with funds. Norlin, on the other hand, also has relatively high amounts of short-term debt, but it is in the process of selling its technology group for approximately $56 million and is holding $12.3 million in cash and equivalents.

No matter how dramatic the projected benefits of lower interest rates look for some of these corporations, there is a dark cloud behind this silver lining of cheaper money. Rates are falling, in part, because the economy is headed into a recession—something that may well offset the gains of reduced borrowing costs. Still, good news is where you find it, and these estimated earnings improvements are easy to quantify, company by company. The potential damage of an overall economic slump isn't.

Something else could go wrong, too. Suppose that interest rates don't continue their decline. Some smart economists—Salomon Brothers' Henry Kaufman for one—think that rates will bottom out soon and then soar to even greater heights than those they hit earlier this year. If that happens, ignore this table. Or better yet, put a mental minus sign in front of those earnings gain estimates in the third column. Then it makes a great sell list. ■

The Money Men

Reagan's economic program sets the stage for a major bull market, says Ken Smilen, who warns investors not to get impatient if the curtain doesn't go up right away.

One vote for "rational man"

By Richard Phalon

IS THERE HOPE after David Stockman? Kenneth B. Smilen, chairman of Smilen & Safian, Inc., a small New York-based research firm with a solid institutional following, is one of the few Wall Streeters willing to say "yes," and say it out loud these days. Looking beyond the headlines screaming of inflation, deep deficits and doom, he sees a major bull market ahead in both stocks and bonds. In the great brouhaha over supply-side economics, says Smilen, almost everyone has lost sight of truly epochal changes in the Economic Recovery Tax Act of 1981— changes that in terms of sheer potential he ranks with nothing less than the Homestead Act, the use of federal funds for a transcontinental railroad, the creation of the Federal Reserve System and the Employment Act of 1946.

Smilen, 48, a soft-spoken, scholarly Brooklyn College graduate who has called a number of major market turns over the years, is no acolyte of Reaganomics. A lifelong Democrat, and a former self-styled liberal Democrat at that, he argues that the incentives unleashed by the 1981 tax act will force a major change in the way Americans save and invest.

The "extreme generosity" of the law, he argues, is something of a historical necessity—a signal from Congress to capitalism, with the full approval of the electorate, that the nation is no longer prepared to live with runaway inflation.

"It's a revolution," says Smilen. "There are real incentives to save rather than spend and for the first time in years, businessmen will be able to invest with a clear idea of the political climate."

Among the incentives, Smilen ticks off such major boons as much more liberal depreciation allowances, reductions on the capital gains tax and the "max tax" on unearned income, and the extension of individual retirement accounts to all wage earners. He sees the impact of the IRAs on saving and spending as particularly meaningful."Instead of making a $200-a-month payment to a credit card," says Smilen, "people will be putting that money to work in the markets."

Smilen is a child of the light. He sees rational man at work, responding to stimuli that have always worked in the past. Thus, he argues, a higher rate of tax-sheltered savings will cut into inflation by reducing consumption. The return of incentive stock options will make managements focus on long-term planning rather than on short-term opportunistic views. Says Smilen: "We have to break the inertia from such obvious business contrac-

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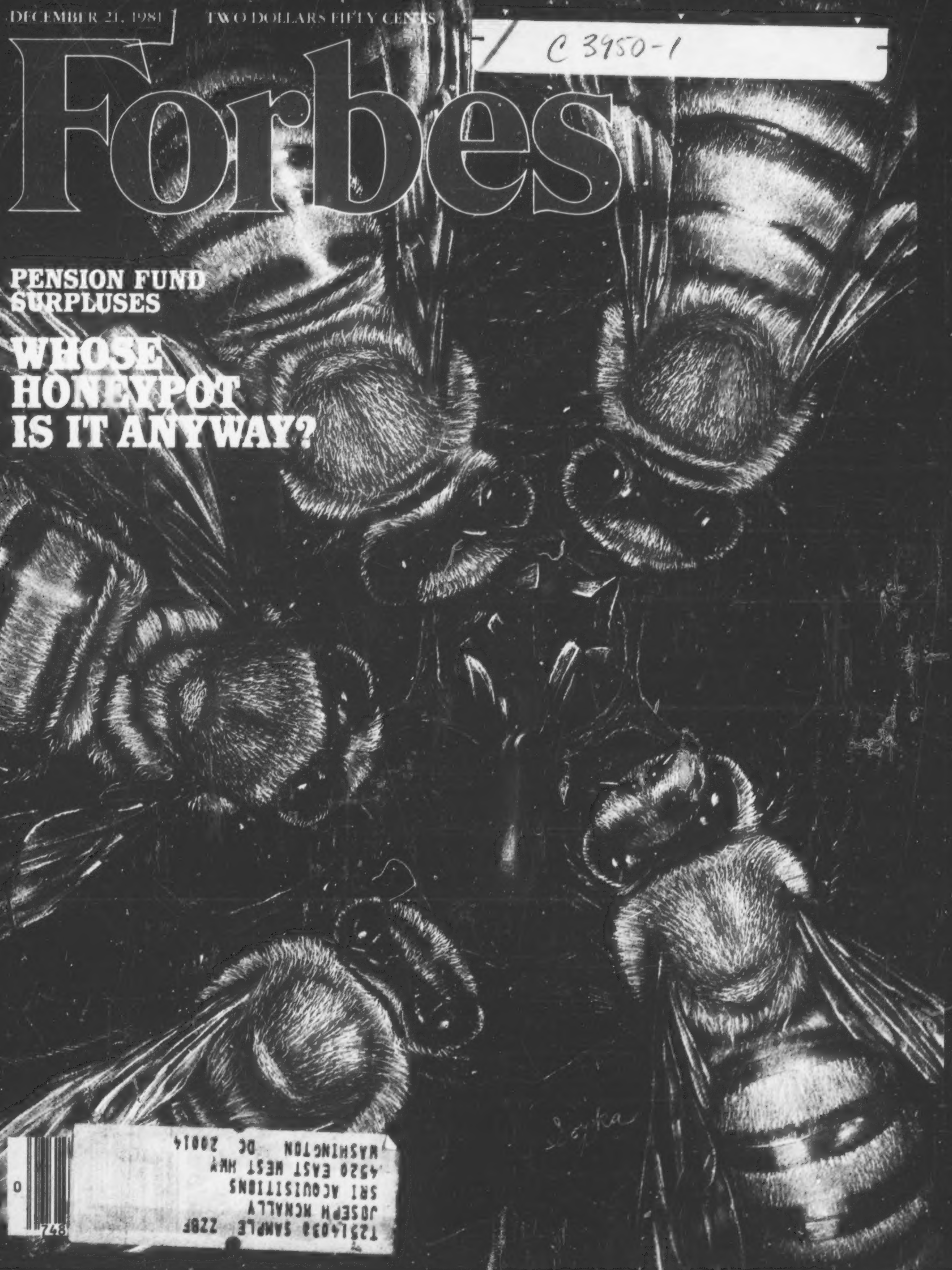

PENSION FUND SURPLUSES

WHOSE HONEYPOT IS IT ANYWAY?

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WASHINGTON DC 20014

Forbes

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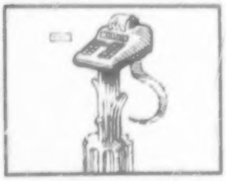

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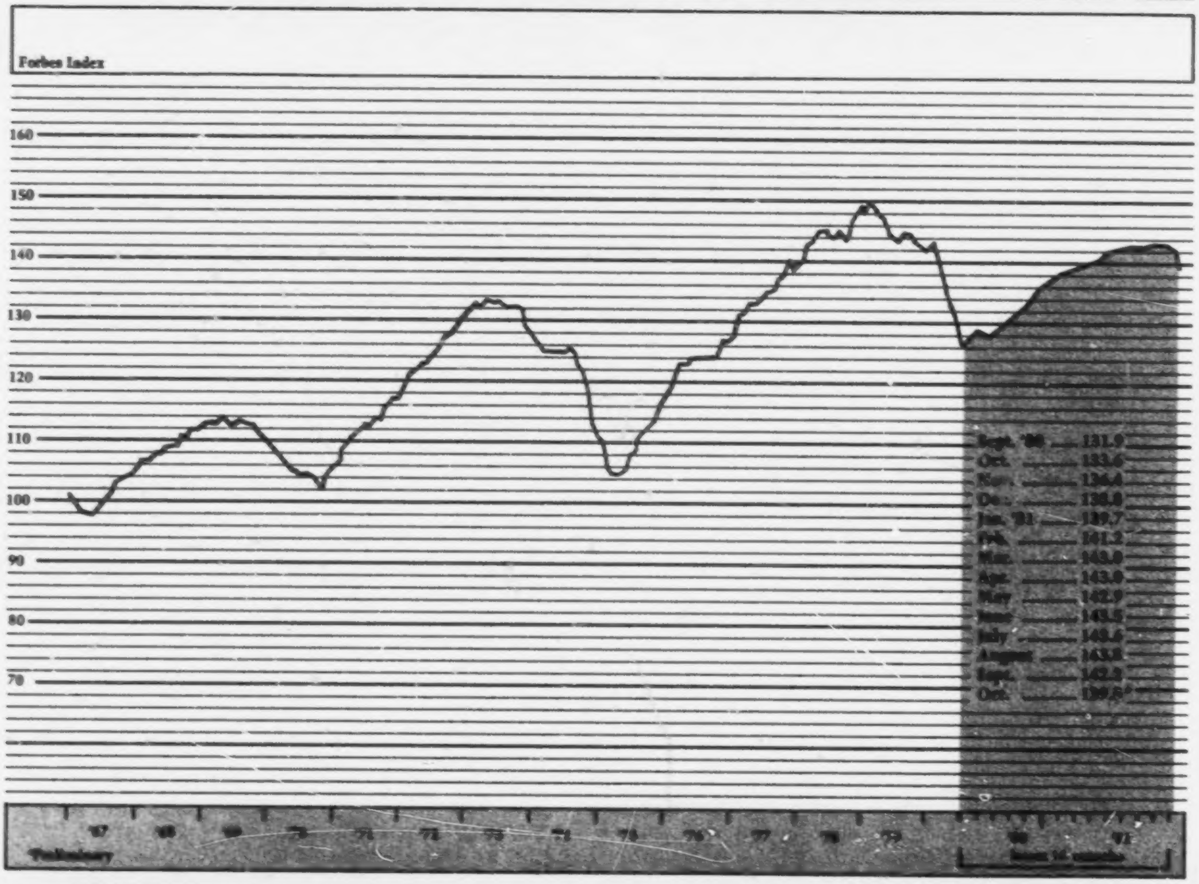
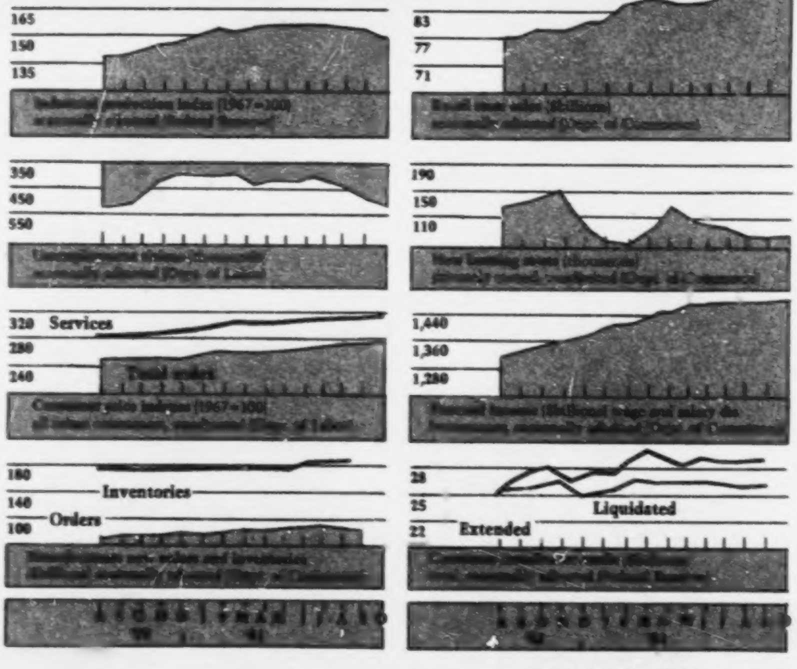
The Forbes Index



The Forbes Index Components

Off again. The preliminary figure for the latest Forbes Index indicates a 1.9% drop from the previous month. The main drag: unemployment claims, up another 8.0%. Yet there is ground for just a bit of optimism. Personal income advanced 0.4% and new housing starts are up 1.9% from their dismal mark in the preceding month. On the inflation front the consumer price index crept ahead only 0.2%.



The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements:

Total industrial production

New claims for unemployment compensation

The cost of services relative to all consumer prices

The level of new orders for durable goods compared with manufacturers' inventories

Total retail sales

New housing starts

Personal income

The change in the amount of consumer installment debt outstanding

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

What power source is scheduled to provide the biggest addition to U.S. electricity generation in the next two years?

Nuclear reality

By Desiree French

CIVILIAN NUCLEAR ENERGY has received so many setbacks in the last decade that when the Nuclear Regulatory Commission suspended the license of Pacific Gas & Electric's Diablo Canyon Unit 1 plant last month it looked like another bedsore for a terminally paralyzed industry. But while the news concentrates on nuclear setbacks, the next two years will see the opening of 29 nuclear power plants. The new plants, most of them begun around ten years ago, will add 30,652 megawatts of power and give the nuclear industry a 51.7% increase in installed capacity. Last year commercial nuclear reactors generated 11% of all U.S. electrical output; these plants will push that to around 16%.

These plants, delayed for so long, will be delayed further—by lags in construction and the inevitable intervenors and protesters who will convince judges or regulators to hold up licensing. But, "while there may be slippage," says Carl Walske of the Atomic Industrial Forum, an industry trade association, "they're not going to slip a lot."

Diablo Canyon notwithstanding, Chairman Nunzio Palladino of the NRC says, "The commission hopes to reach final decisions on applications for 20 more nuclear plant full-power operating licenses between now and the end of 1982. We expect to decide on another 13 applications in 1983. This represents an unprecedented rate of licensing for NRC—within a little more than two years an approximate 50% increase

The new nukes: 1981—1983

In generating electricity from nuclear power there is, to be sure, no guarantee against further delay, but this table lists 29 plants currently scheduled to start operations in the next two years.

Plant	Capacity (net megawatts)	Utility	Costs		Completion date
			original estimate (millions)	current estimate (billions)	
Palo Verde, Unit 1	1270	Arizona Public Service	$ 964	$1.6	1982
Palo Verde, Unit 2	1270	Arizona Public Service	829	1.0	1983
San Onofre, Unit 2	1100	Southern California Edison	2,500	3.3	1982
San Onofre, Unit 3	1100	San Diego Gas & Electric			1983
St. Lucie, Unit 2	810	Florida Power & Light	725	1.1	1982
LaSalle County, Unit 1	1078	Commonwealth Edison	367	1.3	1981
LaSalle County, Unit 2	1078	Commonwealth Edison	302	0.9	1983
Byron, Unit 1	1120	Commonwealth Edison	479	1.5	1983
Clinton Power, Unit 1	950	Illinois Power	430	1.7	1983
Wolf Creek, Unit 1	1150	Kansas Gas & Electric Kansas City Power & Light	1,300†	2.0	1983
Waterford, Unit 3	1104	Louisiana Power & Light	230	1.6	1983
Enrico Fermi, Unit 2	1093	Detroit Edison	229	2.0	1982
Midland, Unit 1	504	Consumers Power	349	3.1	1983
Midland, Unit 2	852				
Grand Gulf, Unit 1	1250	Mississippi Power & Light	1,200†	3.2	1982
Callaway, Unit 1	1150	Union Electric	895	2.1	1983
Seabrook, Unit 1	1150	Public Service of NH	487	1.8	1983
Shoreham	819	Long Island Lighting	217	2.5	1982
Wm B McGuire, Unit 2	1180	Duke Power	185	0.9	1982
Wm H Zimmer, Unit 1	810	Cincinnati Gas & Electric Dayton Power & Light Columbus & S Ohio Electric	240	1.0	1982
Susquehanna, Unit 1	1050	Pennsylvania Power & Light	550	1.8	1982
Susquehanna, Unit 2	1050	Pennsylvania Power & Light	550	1.8	1983
Virgil C Summer, Unit 1	900	South Carolina Electric & Gas	238	1.3	1982
Catawba, Unit 1	1145	Duke Power	320	1.4	1983
Watts Bar, Unit 1	1177	Tennessee Valley Authority	625	2.8	1982
Watts Bar, Unit 2	1177				1983
Comanche Peak, Unit 1	1111	Texas Utilities Generating	779	3.4	1983*
Comanche Peak, Unit 2	1111				
WPPSS Number 2	1093	Washington Public Power System	504	3.2	1983

*Unit 2 probable startup in 1984. †Includes Unit 1 and Unit 2.

Source: Department of Energy and individual utilities.

Pacific Gas & Electric's troubled plant at Diablo Canyon

"While there may be slippage, they're not going to slip a lot."

in the total number of operating reactors."

Harold Denton, director of reactor regulation, says the biggest problem will be finding trained employees to run the new reactors. "It's a serious problem for what I call the green utilities, utilities that haven't operated a nuclear plant before." He believes that three new plants, Waterford (Louisiana Power & Light), Shoreham (Long Island Lighting) and Grand Gulf (Mississippi Power & Light), for example, may have problems finding reactor operators because the companies are new to nuclear.

Companies with foresight have hired early so that the operators could be in training before the plants are fully operating. At the Wolf Creek reactor of Kansas Gas & Electric and Kansas City Power & Light, some 30 operators have been hired, although the plant isn't due to load fuel until 1983. The companies have recruited from the nuclear Navy and also send operators to the Westinghouse Nuclear Training Center in Zion, Ill., which can train more than 500 operators a year. General Electric also trains nuclear plant operators.

The 29 plants scheduled to go operational in the next two years will not—by themselves—rejuvenate the industry. After those 29 there are only 14 plants on order from the four reactor suppliers—General Electric, Westinghouse, Babcock & Wilcox and Combustion Engineering.

Soaring cost has done more than antinuclear protest to discourage new plants. When these 29 plants were announced, combined cost estimates were some $15.5 billion. Today these estimates are $48.3 billion and the 29 plants aren't yet finished. But nuclear isn't the only energy that is in trouble.

The past decade changed equations about *all* forms of energy, not just nuclear. And the future is clouded. Expansion of coal-burning arouses serious, if less vocal, environmental objections; the long-term supply outlook for natural gas has utilities in Texas and Louisiana turning to alternatives, including nuclear.

Nuclear power may be losing the publicity battle, and almost daily reports of minor problems at nuclear plants are certainly making matters worse. Yet there have been no nuclear disasters and by the time all the plants are operating that are currently under construction, the antinuclear hysteria may have faded and nuclear power may quietly become an accepted part of the American industrial scene. ■

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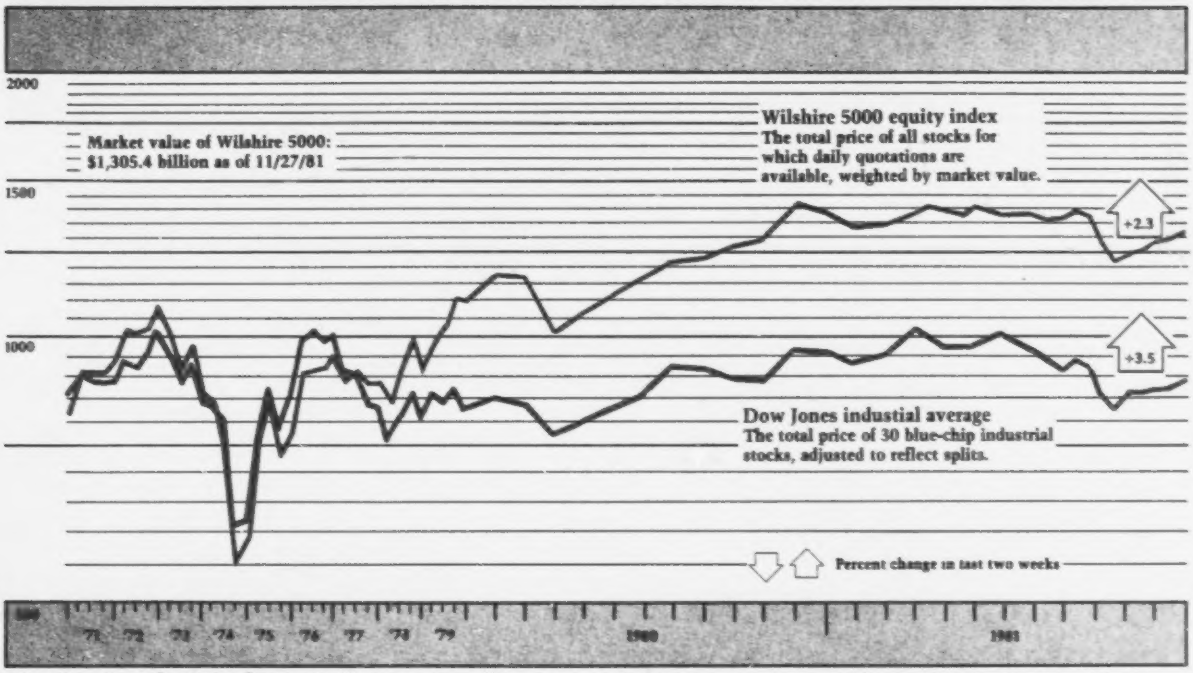
The Forbes/Wilshire 5000 Review



Step by step, inch by inch, Wall Street is pulling away from its fall lows. The Wilshire index shows that, in the last four weeks, the total market value of equities increased by more than $50 billion. Another encouraging fact is that recoveries have a tendency to feed on their own momentum. In addition, equities are becoming more and more attractive with each successive drop in the prime. But don't discount the possibility of some setbacks: The economy is in a hard-nosed recession. A combination year-end profit-taking and tax-selling will provide some strong downward pressure.

During the last four weeks ASE stocks were the stars. The ASE market value index shot up 5.8%, while the NYSE and NASDAQ composites advanced only 2.9% and 3.0%, respectively. The blue chip Dow industrials, up 3.9%, did a little better than the average Big Board security. In the most recent two-week period NYSE stocks gained 2.6%; ASE stocks, 3.9%. This pattern held with one major exception: NASDAQ stocks ran out of steam and pulled down the rest of the averages—ahead by only 0.4%. This reduced the all-inclusive Wilshire to only a 2.3% gain.

The market focus statistics continue to indicate an investor preference for higher-grade securities, many of which still sell at what look like bargain prices. Should the rebound turn into a full-fledged rally, secondary stocks will also have their day in the sun.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones Industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
In last 4 weeks	3.0	3.9	2.9	5.8	3.0
In last 52 weeks	-10.2	-10.8	-10.3	-10.9	-3.4

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
In last 4 weeks	2.0	4.7	0.6	3.2	5.3	0.7	1.3	3.9	3.7	1.3
In last 52 weeks	-4.0	19.3	-15.7	3.7	12.1	6.5	-5.8	8.7	-4.5	7.7

* A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

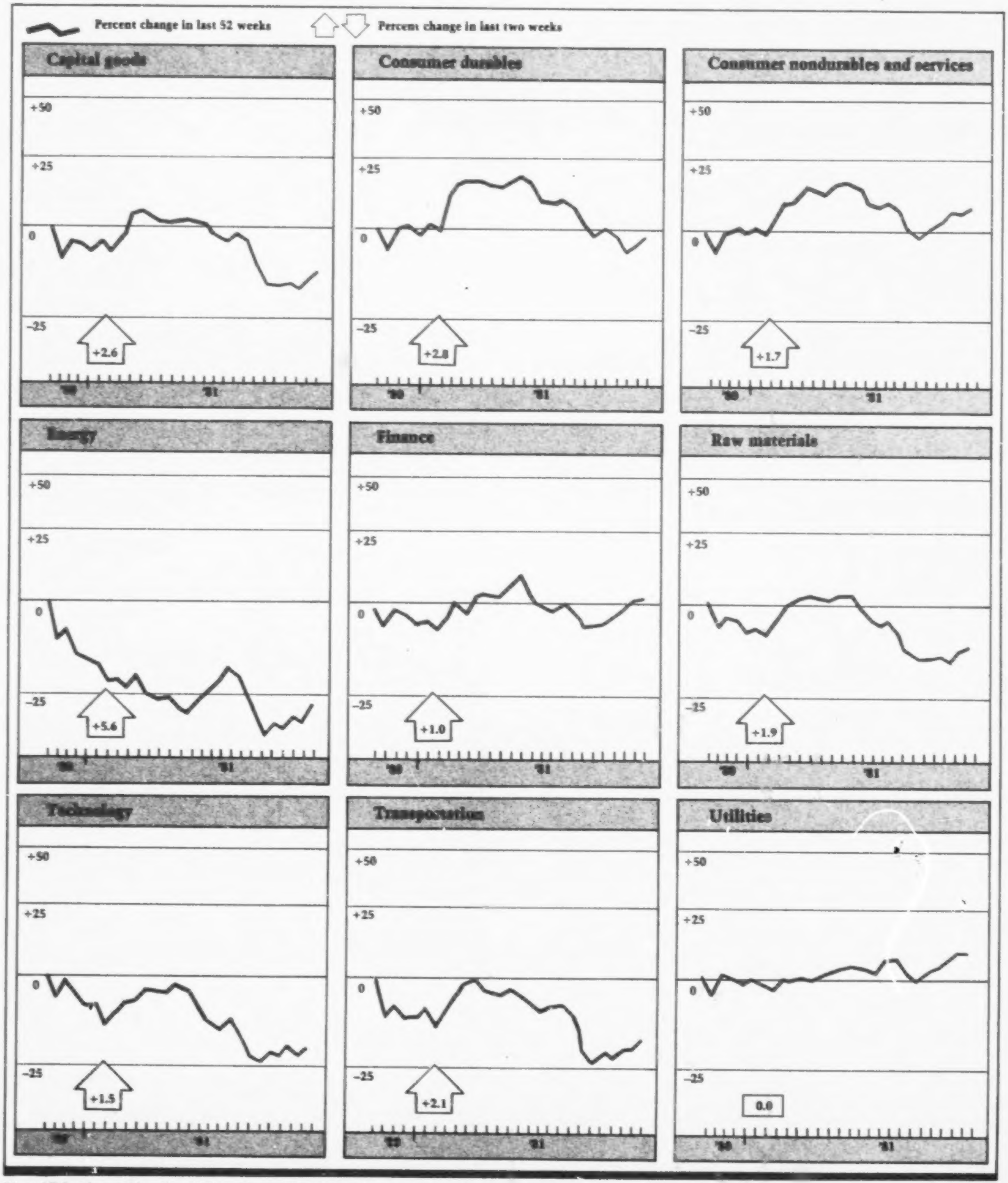
† A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 11/27/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Who pulled the electric plug? The utility sector reversed its traditional pattern of shooting up when interest rates drop. Perhaps investors were just digesting their recent gains. Over the past 52 weeks these high-yield stocks have outperformed all other industry groups. If interest rates continue to drop, utilities are likely to stay strong.

In contrast, energy stocks have had the biggest setback over the past year—thanks to recessionary economies awash in oil. But for the last two weeks the marathon over Marathon helped energy issues lead the pack with a 5.6% gain. Consumer durables and capital goods also put in respectable showings, both up over 2½%. The impact of cheaper money and investment incentives is rekindling market interest in these groups.



Note: All data for periods ending 11/27/81. Prepared by Wilshire Associates, Santa Monica, Calif.

If all you know is what you see in the papers, check out these 74 stocks just recently added to the daily price listings.

Extra, extra, read all about 'em

By Steve Kichen and Paul Bornstein

NEVER BUY A STOCK you can't see. That's what the old-timers used to say about investing in obscure, unpublicized over-the-counter companies. Careful investors monitor their portfolios every day, something that gets difficult if price information isn't readily available. What's more, the publicity that goes with a newspaper listing stimulates trading volume, and broader volume minimizes erratic price fluctuations.

If some of the names in the table below sound new to you, they should. Until last month, these stocks weren't included in the daily price listings compiled by the National Association of Securities Dealers—which left them on the dark side of the moon as far as investors were concerned.

What's behind the revised listings is an emphasis on market value rather than sheer trading volume. Each of the companies in this table meets the new NASD criteria, and they aren't all obscure new ventures. Several are American Depositary Receipts of well-known overseas corporations. Many ADRs are priced low because of their comparability with trading on home country exchanges, where per-share values are often much lower than in the U.S.

Beyond the ADRs and several financial institutions, the newcomers also include some undeniably risky situations. TVI Energy, for example, brought public in June, has revenues of only $329,000 for the last nine months and has yet to show a penny profit.

Now that these stocks are receiving regular public attention, they should appeal to many more investors. Some indeed could offer big rewards.

Newcomers to the NASD listings

Company principal business	Revenues (thousands)	Shares outstanding (thousands)	Latest 12-month EPS	Latest 12-month P/E ratio	Dividend	Yield	52-week price range	Recent price
Advance Circuits electronics	$17,058	2,282	$0.18	18.1	—	—	4 – 2¼	3¼
Air Cargo Equipment air cargo	3,660	964	0.17	19.9	—	—	7¼– 3	3⅜
Alaska Pacific Bancorp bank holding	26,578	959	d0.35	NM	—	—	17½–13½	17¼
American Bancorp (Ohio) bank holding	9,350	321	2.12	3.8	$0.25	3.1%	13⅛– 7½	8
American Commonwealth Financial insurance	68,901	2,474	1.70	2.1	—	—	4 – 2⅜	3½
Associated Communications broadcasting	6,721	2,384	d0.35	NM	—	—	13¾– 8¼	12¼
Bank of Louisville & Trust Co bank	40,810	1,000	11.74	3.7	2.40	5.6	43 –35	43
AG Bayer ADR chemicals	12,784,150	42,600	8.31	6.3	2.14	4.1	59 –49	52¾
Bedford Computer computer equip	3,286	1,403	0.33	25.4	—	—	11⅛– 7	8⅜
Big B drug stores	65,349	3,207	0.79	10.1	—	—	17¼– 7½	8
AT Bliss & Co solar hot water heaters	9,293	3,803	0.98	5.9	—	—	8⅜– 4⅜	5¾
Blue Ridge Real Estate resorts, real estate	4,904	2,199	0.34	28.3	—	—	10½– 6⅞	9⅝

[1] Six months. [2] Perpetual American S&L has signed letter of intent to acquire company. [3] Tender offer by company to go private at $20.15 a share. [4] Fully diluted. [5] Nine months. NM: not meaningful. nil: negligible. d: deficit.

Sources: *Rapidata*, FORBES

Newcomers to the NASD listings

Company principal business	Revenues (thousands)	Shares outstanding (thousands)	Latest 12-month EPS	Latest 12-month P/E ratio	Dividend	Yield	52-week price range	Recent price
Branch Corp bank holding	$ 74,592	2,731	$2.53	5.8	$1.08	7.3%	14¾–12	14¾
Brenner Cos metal processing & fabricating	24,597	1,704	0.70	5.4	—	—	4¾– 3½	3¾
Columbia General industrial equipment	136,253	946	0.86	12.8	0.40	3.6	14½–10½	11
Combustion Equipment Associates environmental controls	33,284	10,531	d2.30	NM	—	—	3¼– ⅝	¾
Commercial Decal ceramic decals	8,800	1,229	0.42	10.1	—	—	4¼– 2¾	4¼
Compania Boliviana de Energia Elec ADR electric utility	14,687	2,949	1.14	2.5	0.52	18.1	4½– 1⅞	2⅞
Data Architects computer services	8,600	1,966	0.45	28.9	—	—	15¾– 7½	13
Dickenson Mines B gold mines	23,013	5,084	d0.27[1]	NM	0.04	2.6	9⅛– 1½	1⅝
Dresdner Bank AG ADR bank	4,970,438	17,560	5.88	9.5	1.89	3.4	92 –53	55⅞
EMF office equipment	6,826	2,483	0.38	7.9	—	—	4⅜– 2½	3
Econo-Therm Energy Systems heat transfer equipment	28,723	3,423	0.21	50.0	—	—	15¾– 6¾	10½
LM Ericsson Tel ADR telecommunications equipment	2,779,403	21,789	4.65	8.3	1.42	3.7	38½–28¾	38½
Financial Inc bank holding	1,960	478	1.35	7.6	1.20	11.7	17 – 8	10¼
First Bancshares of Louisiana bank holding	114,355	2,256	4.40	6.1	0.80	3.0	27 –23	26¼
First Financial of Virginia[2] savings & loans	36,796	474	d4.28	NM	—	—	15 – 8	10½
First National Corp (Louisiana) bank holding	16,896	1,197	d0.98	NM	—	—	7 – 5½	5¼
For Better Living concrete structures, photo products	32,900	873	1.42	2.8	0.10	2.5	6¾– 3½	4
Gateway Industries[3] auto parts	52,604	1,016	4.29	4.5	0.60	3.1	19¼–12	19⅛
Grandma Lee's fast foods	10,648	5,856	0.81	13.1	—	—	11⅝– 6⅜	10⅝
Great Outdoor American Adventure recreation	21,158	1,876	1.50	3.4	—	—	7¾– 4¼	5⅛
Hauserman office furniture	114,941	1,602	3.27	5.4	0.60	3.4	22 –15½	17¾
HEI electronics	5,729	951	0.54	10.0	—	—	10¼– 5	5⅜
Helionetics electrical equipment	2,381	3,930	0.08	64.1	—	—	5¾– 3⅞	5⅛
Howard Bank of Burlington Vermont bank	33,985	847	2.30	4.9	0.91	8.1	12 – 9¾	11¼
ICO oilfield equipment	36,058	5,600	0.55	21.3	—	—	14¼– 9	11¾
IDB Bankholding ADR bank, finance	1,056,495	112,992	0.40[4]	7.5	—	—	3 – 2¼	3
Independent Bankshares Inc bank holding	59,747	2,381	1.95	7.1	0.70	5.1	17½–11¾	13¾
Intl Institute for Medical Science health care equipment & services	nil	1,540	d0.39	NM	—	—	9¾– 3	3¼
Kane Furniture furniture retailer	30,344	1,142	1.61	4.0	0.64	9.8	9½– 5¾	6½
Kloss Video video equipment	11,885	1,684	0.80	10.9	—	—	13½– 6½	8¾
Lilly Industrial Coatings A industrial coatings	106,566	1,386	3.80	5.8	1.04	4.7	23 –16	22

[1] Six months. [2] Perpetual American S&L has signed letter of intent to acquire company. [3] Tender offer by company to go private at $20.15 a share. [4] Fully diluted. [5] Nine months. NM: not meaningful. nil: negligible. d: deficit.

Sources: *Rapidata*, FORBES

Newcomers to the NASD listings

Company principal business	Revenues (thousands)	Shares outstanding (thousands)	—Latest 12-month— EPS	—Latest 12-month— P/E ratio	Dividend	Yield	52-week price range	Recent price
LSM insurance	$ 3,596	1,497	$0.31	9.7	$0.10	3.3%	3½– 1⅝	3
McGill Manufacturing industrial equipment	85,419	1,417	4.48	7.0	1.80	5.7	34¼–29½	31½
McRae Industries footwear	13,930	1,205	1.58	5.4	0.27	3.2	9 – 8½	8½
National Foundation Life Insurance insurance	23,845	1,000	1.30	3.1	—	—	4¼– 2½	4
NLI real estate	3,124[5]	34,644	0.69[5]	4.0[5]	—	—	3⅝– 2	2¼
Northern National Life Insurance insurance	8,229	1,098	0.72	8.0	0.20	3.5	6¾– 3¼	5¼
Ocilla Industries manufactured homes	18,514	1,670	0.86	7.6	—	—	8¼– 5¼	6½
Old Dominion REIT REIT	3,743	746	1.46	6.3	0.72	7.8	9¼– 7⅝	9¼
Olson Farms food processing	122,049	1,074	0.43	15.7	—	—	6¾– 4	6¾
Overmyer industrial machinery	42,576	1,160	d0.57	NM	—	—	7 – 4¼	4¼
Patlex laser technology	501	3,342	d0.31	NM	—	—	15 – 5	7¾
Patrick Industries building materials	56,990	1,242	d0.12	NM	—	—	4 – 1⅜	2¾
Permeator oil and gas production	6,533	3,671	0.10	36.3	—	—	10¼– 3¼	3⅝
Petroleum Helicopters oilfield services	160,245	4,199	1.54	6.3	0.14	1.4	11½– 9	9¾
Poe and Associates insurance	17,357	1,716	1.15	9.1	0.80	7.6	12½–10	10½
Rolfite specialty chemicals	8,895	1,510	0.69	10.1	—	—	12¾– 6½	7
SAL Cable Communications CATV equipment	20,039	1,250	0.93	8.5	—	—	16½– 6¼	7⅞
SBT bank holding	58,311	1,045	4.51	6.2	1.44	5.1	29¾–28	28
Second National bank holding	57,524	1,182	2.55	4.9	1.00	8.0	13½–11½	12½
Security American Financial Enterprises insurance	12,957	940	0.99	4.5	0.05	1.1	6⅜– 3½	4½
Skippers restaurants	33,107	1,449	1.00	6.4	0.04	0.6	13¾– 6¼	6⅜
Southwest Leasing auto leasing	44,921	1,866	1.08	4.2	—	—	7¾– 1¼	4½
Technalysis computer services	5,800	702	0.70	10.4	0.23	3.2	10 – 6¼	7¼
Trans-Industries mass transit equipment	13,483	1,327	0.73	4.1	0.12	4.0	4½– 2	3
TVI Energy heaters	329[5]	5,192	d0.22[5]	NM	—	—	4⅛– 2	2¼
United National Bank (NJ) bank	21,528	681	3.83	5.0	1.50	7.9	19 –18	19
United Western real estate management	4,917	4,046	0.50	8.8	0.12	2.7	4⅞– 3¾	4⅜
Unitel Video video equipment	5,612	1,137	0.73	10.6	—	—	8¼– 5	7¾
Utica Bankshares bank holding	58,967	856	5.56	3.4	1.25	6.6	20½–19	19
Valley National Arizona bank holding	739,698	16,862	3.61	7.0	1.16	4.6	30⅞–20⅝	25⅛
BB Walker footwear	63,410	1,198	d0.48	NM	—	—	4½– 3¾	3¾

[1]Six months. [2]Perpetual American S&L has signed letter of intent to acquire company. [3]Tender offer by company to go private at $20.15 a share. [4]Fully diluted. [5]Nine months. NM: not meaningful. nil: negligible. d: deficit.

Sources: Rapidata, FORBES

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34th
ANNUAL REPORT ON AMERICAN INDUSTRY

Forbes

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January 4, 1982
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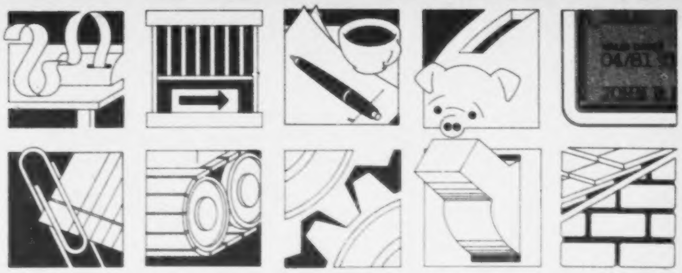

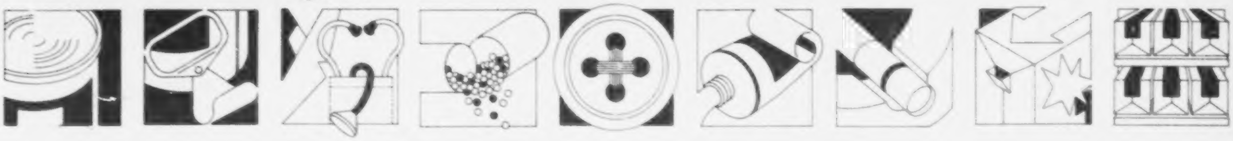

How the 1,023 largest U.S. public companies compare in profitability, growth and market performance on the FORBES Yardsticks, and what lies ahead in 1982.

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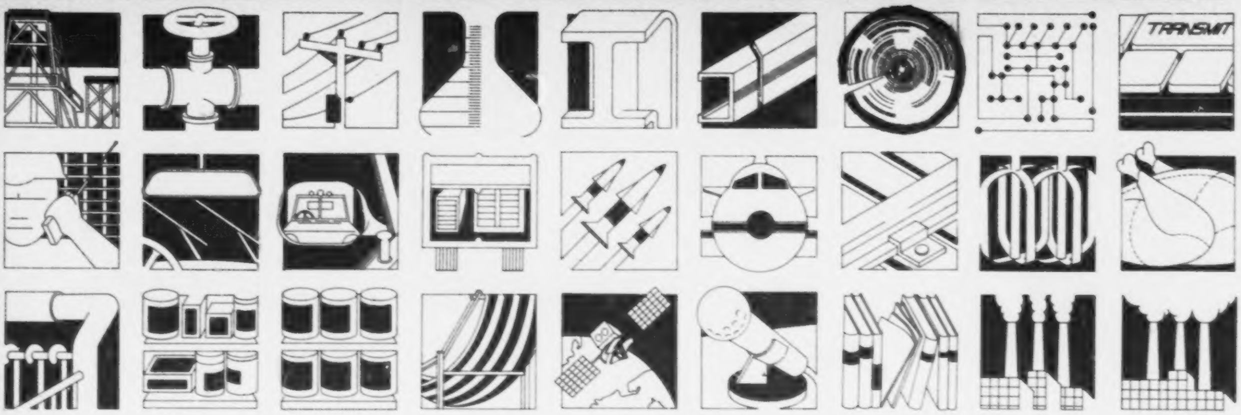

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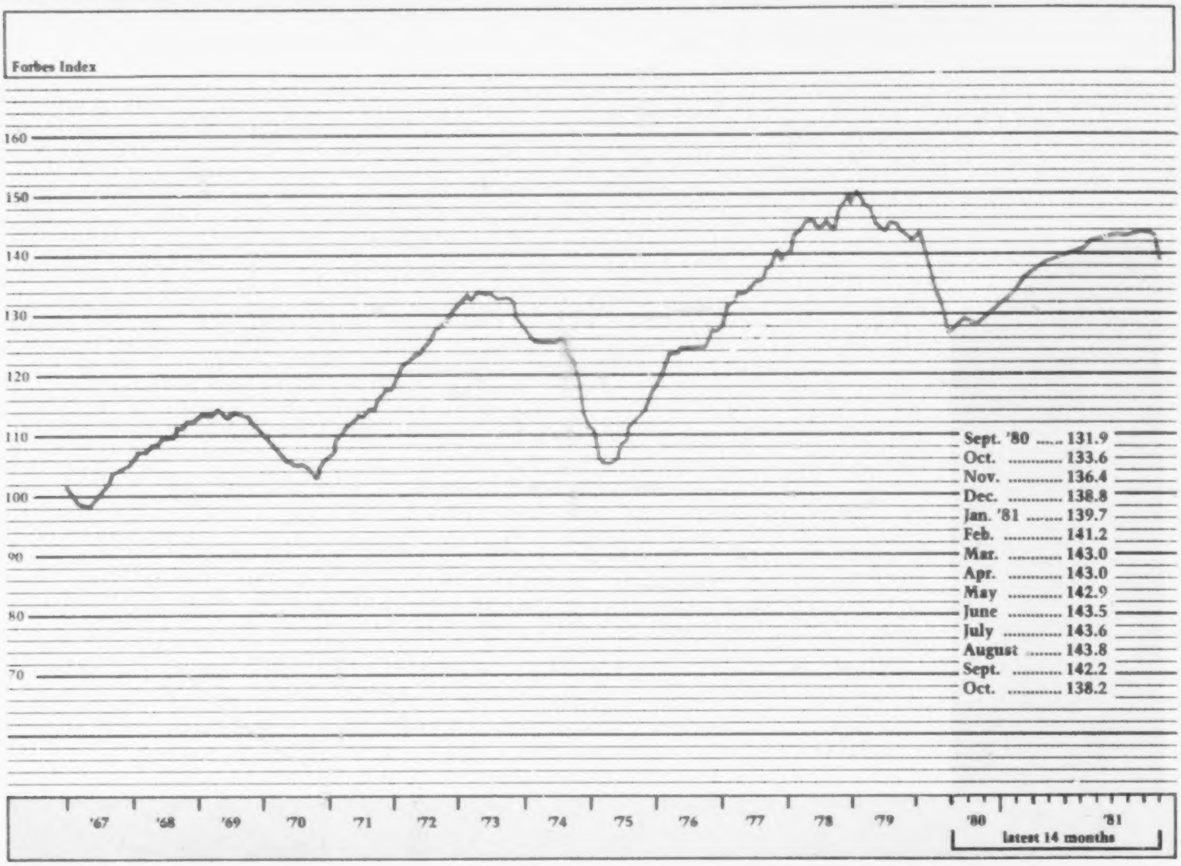

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Nov.	136.4
Dec.	138.8
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Mar.	143.0
Apr.	143.0
May	142.9
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August	143.8
Sept.	142.2
Oct.	138.2

The Forbes Index Components

Holiday gloom and doom. The Forbes Index is off another 2.8%—the second consecutive decline. Manufacturers' orders dropped a whopping 9.1%, while inventories rose slightly, up 0.8%. Consumer borrowing also declined by 8.4%, and debt repayments fell 2.5%. Each move—especially the drop in orders—signals tough times ahead.

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements:

Total industrial production

New claims for unemployment compensation

The cost of services relative to all consumer prices

The level of new orders for durable goods compared with manufacturers' inventories

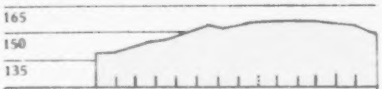
Total retail sales

New housing starts

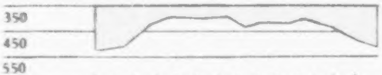
Personal income

The change in the amount of consumer installment debt outstanding

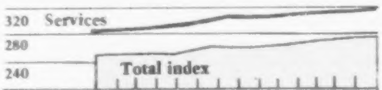
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



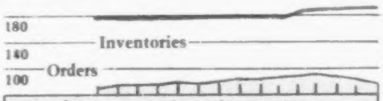
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)

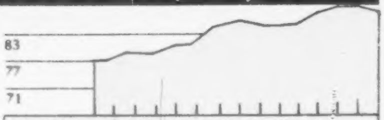


Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)

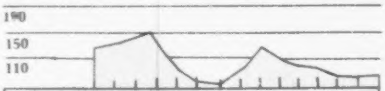


Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)

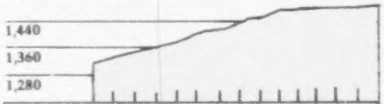
A S O N D J F M A M J J A S O
'80 '81



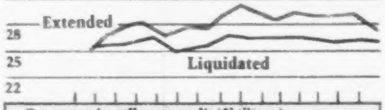
Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

A S O N D J F M A M J J A S O
'80 '81

The Forbes Yardsticks 1981

How to use them

THE FORBES 34TH ANNUAL REPORT ON AMERICAN INDUSTRY measures management performance of 1,023 big public companies, most with latest fiscal year sales of at least $400 million.

The FORBES Yardsticks size up these companies in several ways. We measure their profitability in terms of return on stockholders' equity and on total capital. We measure their growth in both earnings per share and sales. For current trends we track these figures for the latest 12 months, while for a longer view we look at them over the past five years. We also measure their debt-to-equity ratios, net profit margins and stock market performance.

Using all these measures, we compare each of the 1,023 companies against competitors in its own industry and against all 1,022 other companies. Finally, we compare median numbers for the major industry groups against each other. There are 46 major industry groups this year. Of these, 22 are further divided into 59 subgroups to give a clearer picture of how each company stacks up against its real competitors.

Where to find the Yardsticks

Industry median rankings, page 244
Profitability rankings, page 247
Growth rankings, page 256
Stock market rankings, page 265

To locate a company, refer to the table that begins on the next page: "Where to find the company." It lists the 1,023 companies alphabetically and gives the page where the story related to its industry begins and the appropriate Yardsticks tables appear. You will also find in the alphabetical listing how that company ranks in terms of profitability, growth and stock market performance.

How they are calculated

Return on stockholders' equity Companies obtain their capital from two sources: stockholders and creditors. Return on stockholders' equity is the percentage return on the stockholders' portion of the capital. We express earnings per common share (primary basis) as a percentage of the stockholders' equity per share, assuming conversion of all convertible preferred, at the start of the year. The five-year return in our Yardsticks tables is the average of the returns calculated for the four years 1977 through 1980 and the 12-month period ending with the most recent quarterly report. (For companies whose fiscal years end in January, February or March, the years 1978-81 are used in place of 1977-80.)

Return on total capital This figure is the percentage return on a combination of stockholders' equity (both common and preferred) plus capital from long-term debt including current maturities, minority stockholders' equity in consolidated subsidiaries and accumulated deferred taxes and investment tax credits. The profit figure used in this computation is the sum of net income, minority interest in net income and estimated aftertax interest paid on long-term debt—in other words, income before charges (which means, primarily, interest payments on long-term debt) relating to the nonequity portion of the capital.

The return on total capital is a "basic" measure of an enterprise's profitability. For companies that derive all of their capital from common equity, the two profitability measures will be identical. But a company that employs debt wisely can thereby boost its return on stockholders' equity well above the return on total capital. The time periods employed for this calculation are the same as those for return on stockholders' equity.

Debt-to-equity ratio This ratio tells us to what extent management is using borrowed funds (leverage) in an attempt to increase profits. It is calculated as of the end of the last reported fiscal year by dividing long-term debt (including current maturities) by the sum of stockholders' equity, minority stockholders' interest and accumulated deferred taxes and investment tax credits. A high debt-to-equity ratio makes earnings more volatile and is usually considered prudent only in relatively stable industries.

Net profit margin This measure gives a view of profits different from either the return on stockholders' equity or the return on total capital. Calculated by dividing net profits for the latest 12 months by net sales, it reveals what percentage of each dollar of revenue is available for payment of dividends and reinvestment in the business.

Earnings-per-share growth To present a clear picture and even out short-run distortions caused by very poor or very good years, we reach back over ten years to measure five-year earnings-per-share growth. Using primary earnings per share, we take the average for the most recent five years (1977 through the latest 12 months) and compute the percentage change from the average for the preceding five years (1972 through 1976). We then express that change in terms of a five-year compound annual rate of growth, since the midpoints of the two periods are five years apart.

Sales growth As with earnings growth, we go back ten years to calculate the five-year rate of sales growth. We compare average sales for the company's most recent five years against the average for the preceding five years, and express the change in terms of a five-year compound annual growth rate.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	162	179	169	212
ACF Industries	714	707	591	151
Acme-Cleveland	635	233	257	154
Aetna Life & Casualty	208	143	256	78
H F Ahmanson	782	623	675	83
Air Prods & Chems	287	234	594	110
Akzona	955	927	910	110
Albertson's	121	185	178	223
Alcan Aluminium	215	48	267	128
Alco Standard	242	277	186	242
Alexander & Alexander	12	157	372	88
Alexander & Baldwin	627	733	330	193
Alexander's	979	955	447	226
Alleghany	515	326	76	88
Allegheny Int'l	739	679	479	242
Allegheny Power	775	863	863	104
Allen Group	656	438	394	188
Allied Corp	714	716	584	90, 110
Allied Maintenance	592	774	229	154
Allied Products	977	956	525	242
Allied Stores	689	586	592	226
Allied Supermarkets	1015	992	973	223
Allied Van Lines	836	674	190	193
Allis-Chalmers	851	299	952	240
Alcoa	407	138	794	128
AM International	996	963	989	148
AMAX	626	619	620	128
Amdahl	198	949	407	144
Amerace	737	829	721	154
Amerada Hess	234	300	295	90
American Airlines	963	20	679	197
American Bakeries	943	414	706	207
American Brands	227	314	306	219, 240
Amer Broadcasting	163	152	486	236
American Can	813	535	741	220
American Cyanamid	704	794	699	110, 218
American Elec Power	811	900	901	104
American Express	220	254	581	78, 88
American Family	203	481	908	78
American General	298	173	196	78
American Greetings	556	516	262	231
Amer Hoist & Derrick	709	787	775	151
American Home Products	32	489	599	203, 214
Amer Hospital Supply	511	371	531	212, 222
American Intl Group	136	145	142	78
Amer Maize-Products	859	835	590	207
Amer Medical Intl	376	126	30	212
American Motors	999	963	882	190
American Natl Ins	658	240	524	78
Amer Natl Resources	624	613	758	99
American Petrofina	449	720	303	90
American Standard	104	90	252	183, 242
American Stores	259	189	552	223, 228
American Tel & Tel	670	640	686	140, 234
AmeriTrust	798	695	727	74
Ametek	200	443	239	154
AMF	787	891	543	231, 242
Amfac	705	760	343	242
AMP	77	172	277	140
Ampco-Pittsburgh	564	355	412	151
Amstar	738	846	621	207
Amsted Industries	236	235	496	151
Anchor Hocking	722	660	800	220
Anderson, Clayton	751	462	605	205

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Anheuser-Busch Cos	361	337	278	210
Anixter Brothers	296	165	13	154
ARA Services	734	742	955	228
Arcata	641	114	203	238
Archer Daniels Midland	412	232	370	205
Arden Group	914	**	141	223
Arizona Public Service	632	801	676	104
Arkla	282	553	168	99
Armco	673	597	542	120
Armstrong Rubber	945	883	292	188
Armstrong World Inds	847	782	943	183
Arvin Industries	533	466	733	188
ASARCO	828	725	364	128
Ashland Oil	60	199	373	90
Associated Dry Goods	892	855	851	226
Athlone Industries	307	548	232	120
Atlanta Gas Light	761	672	704	99
Atlantic Richfield	225	146	377	90
Auto Data Processing	182	194	244	148
Avco	229	42	429	88, 242
Avery International	595	442	561	154
Avnet	265	425	107	140
Avon Products	42	574	915	218, 228
Avondale Mills	942	906	905	216
Baker International	106	93	95	151
Baldwin-United	83	188	65	88
Ball Corp	508	417	274	220
Bally Manufacturing	90	88	79	231
Baltimore Gas & Elec	770	812	710	104
BanCal Tri-State	769	163	275	74
BancOhio	878	808	753	74
Bangor Punta	255	**	160	242
Bank of New York	719	768	534	74
BankAmerica	391	424	826	74
Bankers Trust N Y	542	475	264	74
Barnes Group	357	285	411	188
Barnett Banks Fla	566	458	148	74
Bausch & Lomb	217	180	94	212
Baxter Travenol Labs	382	196	327	212
Beatrice Foods	408	564	919	207
Beckman Instruments	476	158	230	140
Becton, Dickinson	551	501	440	212
Belco Petroleum	134	144	92	90
Bell & Howell	960	929	695	148
Bemis	784	598	665	220
Bendix	229	209	506	188, 240
Beneficial Corp	882	914	817	88, 228
Bergen Brunswig	624	14	20	222
Berkshire Hathaway	725	54	34	78, 242
Best Products	73	33	587	228
Bethlehem Steel	968	950	957	120
Big Three Industries	272	152	276	154
Big V Supermarkets	113	76	44	223
Bird & Son	949	951	981	183
Black & Decker	453	421	867	203
Blount	256	343	91	185
Blue Bell	204	276	761	216
Boeing	80	24	172	195
Boise Cascade	693	65	659	136, 183
Borden	702	580	812	207
Borg-Warner	620	392	326	188, 240
Borman's	984	963	940	223
Boston Edison	798	804	750	104
Braniff Intl	1011	963	992	197

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth. **Stock market:** 5-year price change. **Not ranked.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Briggs & Stratton	177	621	899	154
Bristol-Myers	169	435	356	214
Brockway Glass	880	853	925	220
Brooklyn Union Gas	587	651	532	99
Brown-Forman Dist	285	187	48	210
Brown Group	474	365	240	216, 228
Browning-Ferris Inds	418	317	81	154
Bruno's	**	38	**	223
Brunswick	842	851	596	231, 242
Bucyrus-Erie	447	440	931	151
Burlington Inds	903	842	837	216
Burlington Northern	902	253	176	200
Burroughs	861	805	983	144
Business Men's Assur	394	25	266	78
Butler Manufacturing	484	658	552	183
Cabot	151	37	69	110, 128
Caesars World	95	**	10	231
Cal-Maine Foods	994	963	966	222
Cameron Iron Works	205	210	58	151
Campbell Soup	522	636	861	207
Campbell Taggart	337	439	324	207
Cannon Mills	889	448	285	216
Capital Cities Commun	160	151	138	236, 238
Capital Holding	632	544	698	78
Carnation	399	531	861	207
Carolina Pwr & Lt	731	828	770	104
Carpenter Technology	273	214	157	120
Carson Pirie Scott	637	422	526	226
Carter Hawley Hale	755	811	829	226
Castle & Cooke	862	858	830	207
Caterpillar Tractor	240	469	730	151, 190
CBI Industries	229	521	383	154
CBS	205	544	755	236
Ceco	866	820	616	183
Celanese	666	526	535	110
Centex	152	113	237	185
Central & South West	551	741	743	104
Central Illinois Lt	830	873	795	104
Central Ill Pub Svc	764	855	856	104
Centl Louisiana Engy	**	21	**	99
Central Soya	853	864	805	205
Central Steel & Wire	479	396	131	120
Central Tel & Utils	363	626	433	234
Certain-teed	904	876	963	183
Cessna Aircraft	380	463	450	195
CFS Continental	887	878	489	222
Champion Intl	605	747	876	136, 183
Champion Spark Plug	710	881	946	188
Charter	11	49	136	90
Chase Manhattan	706	629	263	74
Chemical New York	641	590	508	74
Chesebrough-Pond's	194	427	388	218
Chic & North Western	37	124	5	200
Chic Pneumatic Tool	918	912	927	154
Chromalloy American	424	665	539	242
Chrysler	1009	963	996	190
Chubb	297	174	484	78
Cincinnati G & E	696	796	881	104
Cincinnati Milacron	201	32	49	154
Circle K	131	203	147	223
Citicorp	576	668	822	74
Cities Service	609	470	152	90
Citizens & Sthrn Ga	887	852	575	74
City Investing	447	220	300	242

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Clark Equipment	646	721	917	151, 190
Cleveland Elec Illum	710	850	888	104
Clorox	320	683	717	203
Cluett, Peabody	864	215	417	216
CNA Financial	178	**	296	78
Coastal Corp	550	823	**	90
Coca-Cola	142	525	763	210
Colgate-Palmolive	586	779	951	203, 218
Collins & Aikman	808	762	807	216
Colonial Penn Group	257	644	909	78
Colt Industries	354	527	334	120
Columbia Gas System	646	746	624	99
Columbia Pictures	8	**	32	231
Combined Internatl	176	459	337	78
CKOMBUSTION Engnrng	263	231	188	154
Commercial Metals	679	830	166	128
Commonwealth Edison	844	885	890	104
Commonwealth Energy	643	717	684	104
Commonwealth Oil Rfg	997	992	998	90
Computer Sciences	31	27	268	148, 195
ConAgra	126	29	57	205
Cone Mills	428	226	541	216
Connecticut General	416	360	420	78
Consolidated Edison	766	606	367	104
Consolidated Foods	469	512	550	207
Consol Freightways	115	167	390	193
Consol Natural Gas	628	537	471	99
Consolidated Papers	190	168	291	136
Consol Petroleum	4	895	**	90
Consumers Power	758	777	819	104
Continental Airlines	988	963	696	197
Continental Corp	559	288	685	78
Continental Group	611	391	680	220
Continental Illinois	466	509	493	74
Continental Tel	575	737	618	234
Control Data	868	217	118	88, 144
Cook United	962	**	558	226
Cooper Industries	119	147	155	154
Adolph Coors	845	845	938	210
Copperweld	544	774	284	120
Corning Glass Works	533	429	850	140, 240
CPC International	287	457	424	207
Crane	489	730	460	120, 240
Crocker National	477	407	564	74
Cross & Trecker	88	45	**	154
Crown Central Petroleum	212	148	378	90
Crown Cork & Seal	497	414	538	220
Crown Zellerbach	813	834	920	136
Crum & Forster	127	101	208	78
CSX	883	673	**	200
Culbro	566	728	760	219
Cullum Companies	209	80	55	223
Cummins Engine	611	338	884	188
Curtice-Burns	322	476	191	207
Cyclops	807	348	313	120
Dan River	871	137	357	216
Dana	388	512	747	188
Dart & Kraft	481	511	**	207
Data General	185	98	559	144
Dayco	700	761	670	242
Dayton Power & Light	820	889	864	104
Dayton-Hudson	138	135	439	226
Dean Foods	150	99	134	207
Dean Witter Reynolds	458	567	59	71

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Deere	519	683	578	190
DEKALB AgResearch	505	576	836	205
Delmarva Power & Lt	803	861	740	104
Delta Air Lines	451	472	491	197
Deluxe Check Printers	68	284	162	238
Dennison Mfg	441	464	279	154
Denny's	252	266	601	228
DeSoto	695	307	688	183
Detroit Edison	843	840	813	104
DETROITBANK	684	641	644	74
Dexter	284	250	402	110
Diamond Intl	838	879	663	220
Diamond Shamrock	347	757	814	90, 110
Dibrell Brothers	696	585	331	222
Di Giorgio	845	208	494	207, 222
Digital Equipment	343	62	321	144
Dillard Dept Stores	840	764	403	226
Dillingham	**	95	**	240
Dillon Companies	128	297	379	223
Walt Disney	717	389	568	231
Donaldson, Lufkin	906	64	103	71
R R Donnelley & Sons	511	418	323	238
Dorchester Gas	51	84	87	90
Dorsey	727	310	413	220
Dover	79	170	105	183
Dow Chemical	279	660	950	110
Dow Jones	35	328	121	238
Dravo	774	749	588	185
Dresser Industries	279	292	371	151
Duke Power	655	654	649	104
Dun & Bradstreet	65	366	202	238
E I du Pont	428	474	791	110
Duquesne Light	872	920	897	104
Dynalectron	854	520	197	185
E-Systems	318	319	179	195
Eagle-Picher Inds	548	681	866	154
Easco	608	820	631	188
Eastern Air Lines	963	**	834	197
Eastern Gas & Fuel	829	882	790	90
Eastman Kodak	241	598	840	231
Eaton	530	654	651	188
Echlin Manufacturing	480	662	773	188
Jack Eckerd	292	305	520	228
Economics Laboratory	382	443	889	203
Edison Bros Stores	139	238	464	228
EG&G	76	120	43	140
El Paso	934	954	335	99
Electronic Data Syst	137	577	135	148
Emerson Electric	183	379	480	157
Emery Air Freight	25	487	896	197
Emhart	408	476	618	154
Empire	462	273	88	90
Engelhard	260	250	**	128
ENSERCH	355	614	270	99
Entex	64	105	315	99
Envirotech	1000	963	971	154
Equifax	271	772	828	238
Equitable of Iowa	816	560	589	78
Esmark	193	335	258	205, 240
Ethyl	423	654	615	110
Evans Products	404	36	361	183
Ex-Cell-O	564	342	511	154
Exxon	270	514	557	90
Fairchild Industries	59	15	77	195
Farm House Foods	249	319	28	222
Farmers Group	232	237	422	78
Federal Co	676	778	359	207
Federal Express	13	11	11	197
Federal-Mogul	287	202	333	188
Fedl Natl Mortgage	912	932	956	88
Federal Paper Board	720	831	446	136
Federated Dept Stores	541	618	885	226
Ferro	563	698	483	110
Fidelcor	952	947	672	74
Fieldcrest Mills	527	260	487	216
Figgie International	599	430	353	242
Firestone	980	962	965	188
First Bank System	514	554	774	74
First Boston	778	870	332	71
First Charter Finl	865	780	844	83
First Chicago	876	860	752	74
First City Bancorp	375	346	238	74
First Executive	20	10	1	78
First Intl Bshs	317	374	298	74
First Interstate	439	291	233	74
First Natl Boston	681	555	392	74
First Natl Supermkts	585	745	937	223
First Pennsylvania	998	963	995	74
First Union Bancorp	643	598	537	74
First Wisconsin	771	518	476	74
Fischbach	559	700	564	185
Fisher Foods	944	948	669	223
Fleetwood Enterprises	793	790	903	231
Fleming Companies	359	550	366	222
Flickinger	518	456	352	222
Florida Power	672	740	667	104
Florida Power & Lt	706	708	583	104
Flowers Industries	262	336	163	207
Fluor	123	127	175	185
FMC	639	538	593	240
Food Town Stores	27	51	51	223
Foodarama Supermkts	946	**	918	223
Ford Motor	947	937	982	190
Foremost-McKesson	373	563	164	222
Fort Howard Paper	112	227	254	136
L B Foster	2	**	**	151
Foster Wheeler	120	111	115	154
Foxboro	592	295	342	154
Frederick & Herrud	662	798	519	205
Freeport McMoran	141	256	90	110
Frontier Airlines	122	181	68	197
Fruehauf	645	610	873	190
Fuqua Industries	**	110	**	242
GAF	1004	963	674	240
Gannett	188	283	400	238
Gas Service	840	810	871	99
Gates Learjet	258	611	26	195
GATX	801	814	720	151
GEICO	7	**	93	78
Gelco	71	47	216	154
General Cinema	212	270	122	210, 231
General Dynamics	551	432	184	195
General Electric	221	480	664	157, 203, 240
General Foods	384	510	628	207
General Host	983	963	368	205
General Instrument	304	44	23	140
General Mills	302	362	642	207
General Motors	749	887	970	190

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
General Public Utils	932	933	984	104
General Re	152	116	297	78
General Refractories	992	963	913	154
General Signal	434	255	463	154
General Tel & Elec	570	696	630	140, 234
Genl Tire & Rubber	**824**	**784**	**606**	188, 240
Genesco	**1002**	**992**	**397**	216, 228
Genuine Parts	**197**	**359**	**466**	188
GEO International	**17**	**57**	**	151
Georgia-Pacific	**473**	**632**	**961**	136, 183
Geosource	103	91	71	151
Gerber Products	466	552	522	207
Getty Oil	331	178	495	90
Giant Food	525	503	404	223
Gibraltar Financial	931	921	777	83
Gifford-Hill	**492**	**367**	**248**	183
Gillette	**418**	**794**	**556**	218
Gino's	**898**	**925**	**340**	228
Girard	**596**	**445**	**461**	74
Godfrey	**615**	**583**	**406**	223
Goldblatt Brothers	1012	963	978	226
Golden West Finl	215	356	389	83
B F Goodrich	909	630	870	188
Goodyear	875	792	848	188
Gordon Jewelry	438	265	243	228
Gould	**617**	**739**	**762**	140
W R Grace	**499**	**677**	**408**	110, 242
W W Grainger	**227**	**258**	**498**	157
Graniteville	**927**	**928**	**898**	216
Great Atl & Pac Tea	**995**	**992**	**988**	223
Gt Northern Nekoosa	543	514	628	136
Gt Western Financial	756	572	677	83
Greyhound	611	713	609	193, 205
Grumman	824	77	443	195
Gulf & Western Inds	417	551	586	242
Gulf Oil	**636**	**634**	**548**	90
Gulf Resources & Chem	**987**	**963**	**694**	128
Gulf States Utils	**722**	**825**	**783**	104
Gulf United	**461**	**473**	**293**	78
Halliburton	**145**	**183**	**348**	185
Hammermill Paper	766	638	616	136
Handy & Harman	178	334	40	128
Hanna Mining	780	758	921	128
Hannaford Bros	378	517	301	223
Hanover Insurance	171	107	123	78
Harcourt Brace Jovan	**574**	**689**	**701**	238
Harnischfeger	**900**	**915**	**886**	151
Harris Bankcorp	**880**	**868**	**874**	74
Harris Corp	**196**	**60**	**125**	140, 154
Harsco	**402**	**500**	**396**	154
Hart Schaffner & Marx	858	594	314	216
Hartfield-Zodys	673	**	286	226
Harvey Hubbell	391	543	304	157
Hawaiian Electric	826	759	626	104
Heck's	313	257	260	226
G Heileman Brewing	**39**	**68**	**33**	210
H J Heinz	**410**	**247**	**350**	207
Walter E Heller Intl	**630**	**710**	**718**	88
Hercules	**679**	**705**	**853**	110
Hershey Foods	**323**	**420**	**318**	207
Heublein	500	711	811	210
Hewlett-Packard	269	162	273	140, 144
Hilton Hotels	107	73	89	231
Edward Hines Lumber	949	923	708	183

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Holiday Inns	669	466	185	231
Holly Corp	166	169	173	90
Honeywell	517	244	358	140, 144
Hoover	869	818	806	203
Hoover Universal	92	434	505	188
George A Hormel	**494**	**303**	**481**	205
Hospital Corp of Am	**290**	**149**	**37**	212
Host International	**340**	**298**	**289**	228
Household Intl	**687**	**773**	**818**	88, 226, 240
Houston Industries	**590**	**691**	**707**	104
Houston Natural Gas	86	159	527	99
Howell	34	279	816	90
Hughes Tool	225	119	111	151
Humana	85	34	6	212
E F Hutton Group	75	115	24	71
Hyster	**244**	**140**	**497**	151, 190
IC Industries	**834**	**562**	**434**	200, 242
Ideal Basic Inds	**431**	**497**	**737**	183
Idle Wild Foods	**249**	**292**	**104**	205
Illinois Power	**699**	**840**	**852**	104
Illinois Tool Works	329	398	636	154
Imperial Corp of Am	718	559	580	83
INA	238	130	380	78
Inco	935	942	974	128
Indianapolis Pwr & Lt	581	769	712	104
Industrial National	**487**	**484**	**322**	74
Ingersoll-Rand	**529**	**717**	**878**	154
Inland Steel	**901**	**898**	**969**	120
Insilco	**418**	**529**	**387**	203
Intel	**81**	**86**	**336**	140
Interco	544	652	614	216
Interlake	899	901	702	120
IBM	155	499	875	144
Intl Flavors & Frag	159	407	722	218
Intl Harvester	961	941	994	190
Intl Minerals & Chem	**355**	**662**	**569**	110
Intl Multifoods	**587**	**614**	**579**	207
International Paper	**572**	**659**	**944**	136
Intl Tel & Tel	**811**	**797**	**765**	242
InterNorth	**320**	**461**	**536**	99
Interpace	742	572	768	183
Interpublic Group	164	275	288	238
Interstate Bakeries	965	963	347	207
Irving Bank	569	447	255	74
IU International	62	134	**	242
James River Corp Va	**61**	**58**	**97**	136
Jefferson-Pilot	**620**	**521**	**793**	78
Jewel Companies	**632**	**581**	**432**	223
Jim Walter	**703**	**809**	**967**	183
Johnson & Johnson	**273**	**399**	**454**	212
Johnson Controls	308	161	280	157, 188
Jonathan Logan	993	963	858	216
Earle M Jorgensen	331	404	153	120
Joy Manufacturing	500	427	577	151
K mart	457	507	975	226
Kaiser Alum & Chem	**368**	**139**	**803**	128
Kaiser Steel	**747**	**677**	**442**	120
Kane-Miller	**958**	**939**	**529**	207
Kaneb Services	**143**	**437**	**329**	185
Kansas City Pwr & Lt	**852**	**871**	**791**	104
Kansas Power & Light	675	783	691	104
Kaufman & Broad	798	39	576	185
Kay	133	17	70	205
KDT Industries	650	816	980	226

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Kellogg	73	454	776	207
Kellwood	890	864	933	216
Kelly Services	52	112	41	148
Kemper	149	102	204	78
Kentucky Utilities	908	919	879	104
Kerr Glass Mfg	848	617	839	220
Kerr-McGee	607	644	598	90
Keystone Consolidated	982	960	766	120
Keystone Foods	116	191	78	205
Kidde	507	412	344	242
Kimberly-Clark	295	300	435	136, 218
King Kullen Grocery	904	623	317	223
Knight-Ridder News	395	285	311	238
Knudsen	589	339	360	207
Koppers	685	752	916	240
Kroger	503	235	223	223
Laclede Gas	665	682	683	99
Lane Bryant	756	747	491	228
Lear Siegler	98	94	228	188, 242
Leaseway Transportation	154	409	457	193
Levi Strauss	40	79	226	216
Levitz Furniture	568	216	451	228
Libbey-Owens-Ford	857	893	895	188
Liberty Natl Ins Hld	685	608	632	78
Eli Lilly	183	549	604	214
Lincoln National	671	414	554	78
Liquid Air	591	723	953	110
Litton Industries	440	5	56	242
Lockheed	249	693	64	195
Loews	118	85	159	78, 219
Lone Star Industries	537	384	533	183
Long Island Lighting	646	836	787	104
Longs Drug Stores	210	400	756	228
Longview Fibre	744	875	414	136
Louisiana Land	92	587	700	90
Louisiana-Pacific	526	601	597	136, 183
Louisville Gas & Elec	805	862	891	104
M Lowenstein	971	744	225	216
Lowe's Companies	444	694	945	222
LTV	**	**	**	120, 242
Lubrizol	86	363	512	110
Lucky Stores	124	524	681	223
Lukens Steel	917	869	657	120
M/A-Com	276	132	8	140
Macmillan	976	957	319	238
R H Macy	366	200	183	226
Magic Chef	727	243	640	203
Mallinckrodt	324	349	438	110, 212
Malone & Hyde	344	491	654	222
Manhattan Industries	928	190	247	216
Manufacturers Hanover	571	631	731	74
Manufacturers National	784	762	784	74
Manville	838	701	968	183
MAPCO	102	432	892	90
Marathon Oil	303	378	128	90
Marine Midland Banks	915	838	171	74
Marion	45	41	488	90
Marriott	369	149	154	231
Marsh & McLennan Cos	41	332	509	88
Marsh Supermarkets	365	263	215	223
Marshall Field	916	903	922	226
Martin Marietta	324	247	231	195, 240
Maryland Cup	532	306	235	220
Maryland National	651	647	563	74

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Masco	132	252	418	183
Masonite	546	538	427	183
Massey-Ferguson	1010	963	999	190
Mattel	661	**	365	231
May Dept Stores	611	589	843	226
Maytag	96	724	824	203
MCA	312	393	507	231
McCormick	527	527	633	207
McDermott	789	892	398	185
McDonald's	129	175	521	228
McDonnell Douglas	690	667	452	195
McGraw-Edison	658	575	647	157
McGraw-Hill	192	222	110	238
McLean Trucking	911	934	991	193
McLouth Steel	1003	963	990	120
Mead	276	300	611	136
Mellon National	750	605	469	74
Melville	69	197	423	216, 228
Memorex	877	**	948	144
Mercantile Bancorp	539	675	737	74
Mercantile Stores	536	546	530	226
Mercantile Texas	237	269	139	74
Merck	114	501	551	214
Meredith	385	69	101	238
Merrill Lynch	459	503	444	71
Metromedia	28	55	29	236
Fred Meyer	425	350	130	223
MGM Grand Hotels	146	206	**	231
Michigan National	474	541	567	74
Middle South Utils	724	831	801	104
Midland-Ross	488	374	510	154
Milton Bradley	333	222	415	231
Minnesota Gas	493	690	754	99
Minn Mining & Mfg	170	406	744	240
Mission Insurance	30	31	52	78
Missouri Pacific	116	316	219	200
Mitchell Energy & Dev	15	53	61	90
Mobil	300	325	362	90
Modern Merchandising	603	697	894	228
Mohasco	967	936	883	203
Monfort of Colorado	985	963	517	205
Monsanto	823	880	860	110
Montana Power	801	867	682	104
Moore Corp	301	588	779	148
Moore McCormack Res	489	423	459	193
J P Morgan	522	584	635	74
Morrison-Knudsen	432	198	80	185
Morse Shoe	386	176	346	228
Morton-Norwich	485	207	316	110
Motorola	436	361	574	140
Munford	974	958	515	223
G C Murphy	938	911	853	226
Murphy Oil	246	245	53	90
Nabisco Brands	364	491	**	207
Nalco Chemical	90	353	354	110
Nash Finch	495	668	608	222
Nashua	391	268	659	148
National Can	687	637	345	220
National City	561	686	855	74
Natl Convenience Strs	89	109	18	223
National Distillers	731	731	692	210, 240
National Fuel Gas	792	764	613	90
National Gypsum	617	383	562	183
Natl Medical Entrprs	285	107	9	212

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Natl Semiconductor	248	220	612	140
National Svc Inds	278	425	281	242
National-Standard	894	854	771	120
National Steel	926	897	954	120
National Tea	713	**	242	223
Nationwide	837	482	140	78
Natomas	100	141	108	90, 193
NBD Bancorp	726	643	703	74
NCNB	561	506	477	74
NCR	293	52	609	144
New England Electric	646	717	566	104
N Y State Elec & Gas	731	801	826	104
New York Times	446	464	220	238
Newmont Mining	556	704	308	128
Niagara Frontier Services	174	318	436	223
Niagara Mohawk Power	778	831	725	104
NICOR	459	638	625	99
A C Nielsen	238	358	227	238
NIKE	1	6	**	216
NL Industries	426	478	67	240
NLT	794	644	650	78
Nordstrom	313	242	205	228
Norfolk & Western Ry	622	304	320	200
Norris Industries	406	601	301	183
North American Coal	616	601	516	90
North Amer Philips	531	479	656	140
Northeast Utilities	866	905	739	104
No Indiana Pub Svc	874	918	939	99, 104
No States Power	676	789	732	104
Northern Trust	808	751	735	74
Northrop	148	121	197	195
Northwest Airlines	925	846	655	197
Northwest Bancorp	502	496	749	74
Northwest Energy	349	452	200	99
Northwest Industries	186	239	109	242
Northwestern Steel	730	848	799	120
Norton	396	332	214	154
Norton Simon	605	666	746	207
Nucor	36	71	27	120
NVF	573	620	180	120, 128
Occidental Petroleum	48	273	659	90
Ogden	379	493	282	242
Ohio Casualty	84	136	271	78
Ohio Edison	848	910	930	104
Oklahoma Gas & Elec	817	896	868	104
Old Republic Intl	99	96	261	78
Olin	893	354	603	240
Olympia Brewing	930	827	993	210
Oneok	207	367	512	99
Outboard Marine	921	922	924	231
Owens-Corning Fbrgls	456	382	900	183
Owens-Illinois	776	606	668	220
Pabst Brewing	959	943	962	210
PACCAR	144	182	382	190
Pac Gamble Robinson	797	839	714	222
Pacific Gas & Elec	781	842	673	104
Pacific Lighting	623	558	421	99
Pacific Pwr & Lt	742	844	832	104
Pacific Resources	432	446	99	90
Paine Webber	870	703	161	71
Palm Beach	56	59	100	216
Pan Am World Airways	275	**	935	197
Panhandle Eastern	253	440	416	99
Pantry Pride	1013	963	942	223
Parker Drilling	78	89	72	185
Parker-Hannifin	341	459	474	154
Parker Pen	109	133	165	148
Parsons	50	118	35	185
Pay Less Drug NW	235	272	181	228
Pay'n Save	444	493	759	228
Peabody Intl	**	963	**	154
Peavey	714	786	437	205
Penn Central	691	92	112	242
Penn-Dixie Inds	1008	963	986	183
Penn Traffic	554	557	789	223
PennCorp Financial	855	289	211	78
J C Penney	754	728	958	226
Penn Power & Light	729	837	809	104
Pennwalt	682	601	788	110
Pennzoil	67	310	195	90
Peoples Drug Stores	477	131	246	228
Peoples Energy	548	713	645	99
PepsiCo	165	329	445	210
Perini	883	641	82	185
Perkin-Elmer	328	193	194	140
Petrie Stores	70	344	887	228
Petrolane	111	225	132	90
Pettibone	923	908	745	151
Pfizer	404	622	337	214
Phelps Dodge	929	917	798	128
Phibro	21	100	**	222
Phila Electric	848	872	820	104
Philadelphia Natl	760	756	726	74
Philip Morris	135	211	304	219
Phillips Petroleum	166	184	547	90
Phillips-Van Heusen	941	635	339	216
Piedmont Aviation	100	212	16	197
Pillsbury	396	369	734	207
Pioneer	33	128	117	99
Pioneer Hi-Bred Intl	108	222	205	205
Pitney Bowes	233	70	386	148
Pittsburgh National	577	579	462	74
Pittston	897	940	872	90, 228
Playboy Enterprises	895	722	573	238
Pneumo	495	117	192	195, 223
Polaroid	886	670	960	231
H K Porter	772	322	718	154
Portland Genl Elec	896	926	912	104
Potlatch	603	650	766	136
Potomac Elec Power	772	793	607	104
PPG Industries	580	564	637	183, 240
Procter & Gamble	267	498	797	203, 218
Provident Life & Acc	399	387	375	78
Public Service Colo	859	907	833	104
Public Service Indiana	581	753	904	104
Pub Svc Elec & Gas	791	801	764	104
Pueblo International	806	**	470	223
Purex Industries	538	706	523	203
Purolator	465	780	158	148, 188
Quaker Oats	387	324	465	207
Quaker State Oil	640	849	837	90
Questor	978	953	503	188
Rainier Bancorp	533	402	425	74
Ralston Purina	451	571	907	207
Ramada Inns	957	931	472	231
Rath Packing	1014	992	987	205
Raychem	367	82	129	157
Raymond Intl	466	395	641	185

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Raytheon	124	142	133	140, 195, 242
RCA	554	680	902	88, 236, 240
Reading & Bates	293	313	47	185
Reeves Brothers	489	280	187	216
Reichhold Chemicals	919	916	934	110
Reliance Group	6	**	46	78
Republic Airlines	972	959	545	197
Republic Finl Svcs	244	264	113	78
Republic New York	178	294	63	74
Republic of Texas	381	364	236	74
Republic Steel	920	799	815	120
Research-Cottrell	832	228	880	154
Resorts Intl	16	8	38	231
Revco D S	189	177	449	228
Revere Copper	708	**	374	128
Revlon	214	326	929	218
Rexnord	524	626	757	154
R J Reynolds Inds	222	581	409	219
Reynolds Metals	668	258	932	128
Richardson-Vicks	**	376	**	214
Riegel Textile	631	567	638	216
Rite Aid	181	155	151	228
RLC	63	16	217	193
Roadway Express	168	405	846	193
Robertshaw Controls	856	701	780	157
H H Robertson	427	321	156	183
A H Robins	662	816	736	214
Rochester Gas & Elec	808	799	785	104
Rockwell Intl	421	487	269	195, 242
Rohm & Haas	700	431	485	110
Rohr Industries	336	**	271	195
Rollins	191	449	426	240
Roper Corp	795	380	528	203
Rose's Stores	746	213	440	226
Royal Crown Cos	736	899	716	210
Ruddick	521	35	127	223
Ryan Homes	398	633	687	185
Ryder System	161	43	150	193
Safeco	339	160	518	78
Safeway Stores	651	805	949	223
Saga	666	727	368	228
St Paul Companies	261	245	405	78
St Regis Paper	710	771	804	136
Sambo's Restaurants	1007	963	997	228
San Diego Gas & Elec	803	859	715	104
Santa Fe Industries	777	413	340	200
Santa Fe Intl	218	154	62	185
Savannah Foods	660	711	201	205
Savin	10	4	648	148
Saxon Industries	956	884	639	220
Schering-Plough	175	561	947	214
Jos Schlitz Brewing	986	963	928	210
Schlumberger	22	46	124	140
SCM	783	347	600	242
SCOA Industries	52	18	19	216, 226
Scot Lad Foods	975	963	823	222
Scott & Fetzer	298	623	570	242
Scott Paper	788	592	782	136, 203
Scovill	481	97	825	183, 203
Seaboard Allied Milling	503	192	102	205
Seafirst	462	436	448	74
Seagram	597	296	170	210
G D Searle	664	904	145	214
Sears Roebuck	833	807	964	88, 226

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Seatrain Lines	1006	**	1000	193
Seaway Food Town	401	341	209	223
Security Pacific	430	271	299	74
SEDCO	472	503	86	185
Service Merchandise	72	83	381	228
Servicemaster Inds	23	106	66	212
Shaklee	18	74	500	212
Shell Oil	334	312	210	90
Sheller-Globe	913	938	849	188
Sherwin-Williams	948	930	653	183
Shopwell	953	**	250	223
Sigmor	157	267	60	90
Signal Companies	469	205	116	190, 242
Signode	546	613	748	154
Singer	924	**	821	203, 242
Skyline	821	894	847	231
A O Smith	885	195	796	188
Smith International	180	164	177	151
SmithKline	19	87	85	214
Snap-On Tools	105	217	571	188
Sonoco Products	350	315	189	220
So Carolina E & G	748	826	802	104
Southeast Banking	656	611	307	74
Southern Calif Edison	751	788	468	104
Southern Company	819	877	831	104
So Natural Resources	305	410	224	99
So New England Tel	721	670	555	234
Southern Pacific	922	683	671	200
Southern Railway	583	386	385	200
Southern Union	254	541	540	99
Southland	435	339	489	223
Southwest Forest Inds	734	370	287	136, 183
Southwestern Pub Svc	324	692	778	104
Sperry	602	521	869	144, 240
Springs Mills	933	675	265	216
Square D	92	390	689	157
Squibb	599	766	643	214
A E Staley Mfg	454	596	430	205
Stanadyne	377	564	294	154
Std Comml Tobacco	140	155	73	222
Standard Oil Calif	264	308	222	90
Standard Oil Indiana	266	357	310	90
Standard Oil Ohio	14	23	193	90
Stanley Works	471	401	363	203
Stauffer Chemical	350	534	808	110
Sterling Drug	462	738	478	214
J P Stevens	951	909	742	216
Stewart-Warner	682	731	697	154
Stokely-Van Camp	907	791	349	207
Stone Container	449	616	282	220
Stop & Shop	740	734	410	223
Storage Technology	49	40	4	144
Strawbridge & Clothier	818	592	456	226
Subaru of America	3	9	3	190
Suburban Propane Gas	442	507	399	90
Sun Chemical	130	28	146	110
Sun Company	357	470	325	90
Sunbeam	698	653	585	203
Sundstrand	171	170	167	154, 195
Super Food Services	629	595	751	222
Super Valu Stores	57	123	106	222
Superior Oil	26	72	84	90
Supermarkets General	224	104	143	223
Swift Independent	**	**	**	205

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

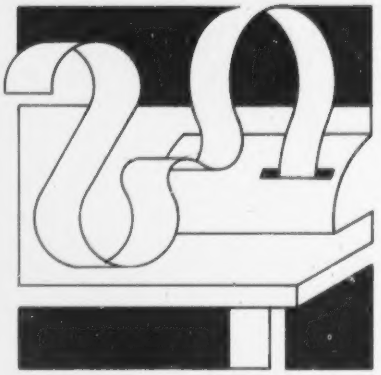
Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Sybron	813	819	712	242
Sysco	345	281	31	222
Talley Industries	989	963	977	203
Tandy	9	30	17	228, 231
TECO Energy	513	657	652	104
Tecumseh Products	309	483	504	154
Tektronix	247	125	384	140
Telecom	973	952	959	193
Teledyne	24	26	45	140, 242
Tenneco	414	686	786	90, 99, 242
Tesoro Petroleum	329	913	595	90
Texaco	486	664	544	90
Texas Commerce Bshs	268	282	174	74
Texas Eastern	315	452	502	99
Texas Gas Transmn	370	493	419	99
Texas Instruments	335	384	865	140
Texas Oil & Gas	38	63	21	90
Texas Utilities	598	736	659	104
Textron	654	776	723	242
Thiokol	362	371	98	110, 195
Thriftimart	583	2	42	223
Thrifty Corp	609	468	455	228
Tiger International	740	713	646	151, 197
Time Inc	443	351	221	238
Times Mirror	195	229	211	238
Timken	578	578	546	154
Todd Shipyards	46	**	14	195
Toledo Edison	786	902	914	104
Toro	873	864	623	203
Tosco	5	19	50	90
Toys "R" Us	65	81	39	228
Trane	651	377	549	183
Trans World	910	1	428	197
Transamerica	327	166	328	88, 242
Transco Companies	315	345	199	99
Transway Intl	413	647	678	193
Travelers	403	201	475	78
Trinity Industries	54	129	120	154
TRW	201	397	393	242
Turner Construction	281	569	144	185
Tyler	157	331	309	154
Tyson Foods	483	490	54	205
U S Air	82	12	182	197
UAL	891	380	877	197
UGI	691	590	431	99
UMC Industries	745	822	857	154
Union Camp	353	533	893	136
Union Carbide	617	742	842	110, 240
Union Electric	759	824	859	104
Union Oil California	310	449	149	90
Union Pacific	599	261	234	90, 200
Uniroyal	990	963	841	188
United Brands	970	7	690	207
United Energy Resources	55	50	114	99
United Merch & Mfrs	1005	963	985	216
U S Bancorp	350	373	391	74
United States Gypsum	390	204	499	183
U S Home	198	67	245	185
U S Industries	969	945	602	242
United States Shoe	283	290	253	216
United States Steel	937	924	926	120
United Technologies	345	410	627	195, 242
United Telecom	310	609	560	234
Univar	348	402	119	222

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Universal Foods	411	519	634	207
Universal Leaf	338	323	376	222
Upjohn	187	330	453	214
USF&G	110	103	482	78
USLIFE	437	556	467	78
Utah Power & Light	790	855	769	104
Valero Energy	389	**	**	99
Valley National	342	261	290	74
Varian Associates	936	735	218	140
VF	290	455	259	216
Va Electric & Power	863	887	781	104
Vornado	991	963	211	226
Vulcan Materials	156	277	241	240
Wachovia	592	569	473	74
Wal-Mart Stores	44	56	36	226
Waldbaum	578	388	251	223
Walgreen	371	217	126	228
Wang Laboratories	47	22	2	144
Warnaco	508	3	83	216
Warner Communications	58	66	15	231
Warner-Lambert	753	889	923	214
Washington Gas Light	879	785	401	99
Washington National	694	538	395	78
Washington Post	97	122	137	238
Waste Management	147	78	12	154
Del E Webb	835	536	810	185, 231
Weis Markets	211	308	207	223
Wells Fargo	510	393	582	74
West Point-Pepperell	764	546	666	216
Western Air Lines	938	946	935	197
Western Co No Amer	43	61	7	151
Western Union	954	874	351	234
Westinghouse Electric	520	249	458	157, 240
Westmoreland Coal	981	961	976	90
Westvaco	515	484	572	136
Wetterau	539	750	845	222
Weyerhaeuser	506	726	941	136, 183
Wheelabrator-Frye	372	229	312	154
Wheeling-Pitts Steel	966	935	355	120
Whirlpool	305	486	772	203
White Consolidated	422	688	658	203, 242
Whittaker	243	13	25	242
Wickes Companies	830	351	835	228
WICOR	761	755	729	99
Willamette Inds	414	628	728	136, 183
Williams Companies	822	886	622	110
Wilson Foods	1001	992	**	205
Winn-Dixie Stores	219	529	711	223
Wisconsin Elec Power	766	766	724	104
Wisconsin Pwr & Lt	678	754	693	104
Wisconsin Public Svc	637	699	705	104
Witco Chemical	374	449	501	110
F W Woolworth	763	649	906	226
Worthington Inds	29	75	75	120
Wm Wrigley Jr	455	708	709	207
Wyman-Gordon	223	241	96	195
Xerox	318	532	911	148
Yellow Freight System	497	814	979	193
Zale	556	419	512	228
Zapata	827	770	22	242
Zayre	796	287	74	226
Zenith Radio	940	944	972	203
Zurn Industries	360	186	249	154

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

The jury is still out on the wisdom of conglomerating Wall Street brokerage houses. But the rush to buy up a number of them has created a lot of happy millionaires.



Brokerage

By Richard Stern

FORGET STOCKS. A pox on bonds. The hottest buys on Wall Street these days are Wall Street's own. Sears, Roebuck pays $575 million for Dean Witter Reynolds. Prudential shells out $384 million for The Bache Group. American Express pays $950 million in stock, or about 3 times book value, for Shearson Loeb Rhoades. BankAmerica Corp. forks over $53 million for Charles Schwab Corp., the largest discount broker of stock and bond transactions. Phibro buys Salomon Brothers, big and prestigious. Bechtel Corp. acquires about 60% of Dillon, Read, small and prestigious.

Altogether, at least $2.2 billion has changed hands so far since the great buy-up-the-brokers stampede went into full swing in 1981. What's it all about? Is the rush to put together financial supermarkets just another mega-fad?

The fact is, some of those who think Wall Street is paved with gold may find they have acquired more trouble and less earnings than they bargained for.

For one thing, says A. Michael Lipper of Lipper Analytical Distributors, which follows the publicly traded brokerage houses, a lot of these buyouts may have come at a cyclical earnings peak. Besides, how do you put a value on a brokerage firm? Paying 2 or 3 times book value for a service company, which is only worth something if its personnel stay on, may be more than a little dangerous, says another industry analyst, Perrin H. Long Jr. Merrill Lynch learned that the hard way a couple of years back when it acquired White Weld, whose sales force deserted in droves.

Similarly, The Bache Group, which has never been among the leaders in institutional trading, back in 1977 acquired Shields Model Roland Holding Corp., which was known for its expertise in trading for the big banks, insurance companies and mutual funds. The Shields traders, too, found the Bache atmosphere wrong for them and left—along with Bache's hopes to become big with the institutions.

There's a lesson here for the Searses and Prudentials of the world. Sanford Weill, chairman of Shearson/American Express, is very much aware of it. There's a special "entrepreneurial spirit" in the brokerage business, Weill says; it may take some doing by giant conglomerates, which are run by committee, to adjust to Wall Street's ways.

And Wall Street's salaries. In some of the newly acquired firms, big sales producers can earn more than the chairman of the board. In fact, in no industry outside of sports and entertainment can so many earn so much so fast. Last year, for instance, a score of salesmen, investment bankers and traders drew over $1 million in compensation, while Roger Birk, chairman of the largest brokerage firm in the country, earned only $674,000 in 1980. Can executive egos in big corporations deal with some of the help's making more than they do?

Brokerage

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
E F Hutton Group	27.1%	1	28.1%	0.6	21.2%	1	22.9%	5.8%	31.0%	3	26.2%	2
Dean Witter Reynolds	16.0	2	25.4	0.1	25.6	2	16.5	5.7	27.8	5	10.7	4
Merrill Lynch	16.0	3	19.7	0.4	16.3	3	13.6	5.3	21.5	6	11.9	3
First Boston	11.6	4	14.1	0.1	14.6	4	11.8	3.6	32.0	2	0.3	6
Paine Webber	9.7	5	9.0	1.0	7.5	5	8.7	1.2	30.6	4	7.0	5
Donaldson, Lufkin	8.3	6	15.5	0.6	13.6	6	7.6	2.1	39.0	1	31.7	1
Industry medians	**13.8**		**17.6**	**0.5**	**15.5**		**12.7**	**4.5**	**30.8**		**11.3**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

But while the jury may be out on who wins and who loses among the giants moving into the brokerage game, there are some big winners already—those happy sellers. The partners at Salomon Brothers, for example, got not only all their capital in cash but also an equal amount of Phibro Corp.'s convertible debentures. The figures haven't been released, but industry estimates are that Salomon Brothers Chairman John Gutfreund now is worth something like $25 million in cash and securities from the Phibro deal. And many of the firm's 61 other general partners walked away with profits of $5 million each.

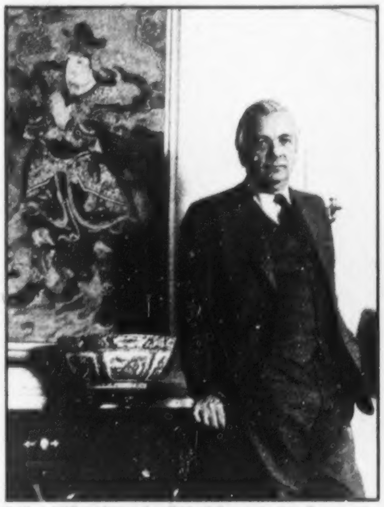
Over at Shearson, Weill is no piker either. He started 21 years ago with a $30,000 investment in a little firm called Carter, Berlind, Potoma & Weill, Inc. A lot of acquisitions and mergers later, he owns American Express stock worth $27 million, which pays about $1.3 million in dividends a year. Then there's Arthur Levitt Jr., a former Shearson partner. Levitt, who had enough faith in Weill not to sell his Shearson stock when he became chairman of the American Stock Exchange in 1977, now owns about $14 million worth of American Express stock paying $657,000 a year.

In fact, many Wall Street veterans can hardly believe all this is happening. After all, back in the 1970s a lot of them feared they wouldn't be able to raise the capital to keep their firms going. As recently as 1974, earnings of the publicly traded brokerage houses averaged only 0.4% on revenues. Now this jackpot.

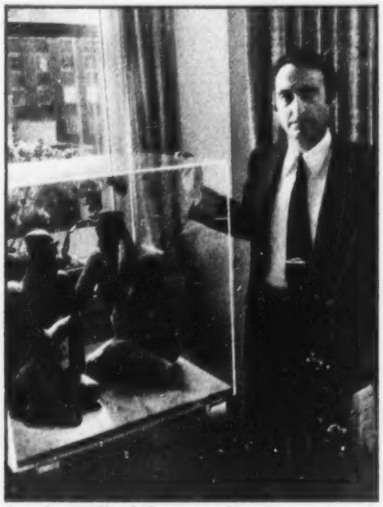
To people like Dwight Faulkner, it's a happy ending. Faulkner once feared that his small but highly regarded institutional research firm, Faulkner, Dawkins & Sullivan, could not find the capital to keep up. Back in 1977, with his earnings clobbered by the end of fixed commissions, Faulkner decided to sell out to a larger firm for stock then worth about $1.8 million. The acquiring firm happened to be—you guessed it—Shearson. A happy Faulkner, now a vice chairman of Shearson/Amex, is currently worth about $24 million in American Express stock.

With financial security for life, will these new millionaires feel like working when the skiing is good at Bad Gstaad and the trout are rising in the high Rockies?

Partners and shareholders aren't the only ones who have made out big. So did the dealmakers. The 42-year-old independent investment banker and arbitrageur Salim (Sandy) Lewis made $3.5 million for putting the Shearson/American Express deal together. First



John Whitehead of Goldman, Sachs
Do banks have the right stuff?



Sandy Weill of Shearson/Amex
That special entrepreneurial spirit.

"I thought I was fired"

If Sears, Roebuck and Prudential are looking for ways to make their brokerage acquisitions work, they might do well to look up 35-year-old Peter Cohen, vice chairman of Shearson/American Express. Don't be put off by his youth. Cohen probably has had more experience putting successful brokerage house mergers together than just about anyone else on Wall Street, with the possible exception of his boss, Shearson/Amex Chairman Sanford Weill.

Weill, of course, in the space of seven years, built the second-largest brokerage firm on Wall Street by successfully acquiring a lot of ailing firms such as Shearson Hammill and Loeb Rhoades. While Weill wheeled and dealed, Cohen watched operations. Not an easy job. Remember that Shearson a year ago swallowed giant Loeb Rhoades with nary a burp while Paine Webber almost was put out of business by a back office crisis after it acquired Blyth Eastman Dillon.

Shearson/Amex' Peter Cohen
The nuts-and-bolts man.

Cohen's star began to rise in 1973 when Weill was named the new CEO of Hayden Stone. He took Cohen, then 27, to lunch and told him candidly: "I don't know how to run a big brokerage firm. I want you and me to learn together." Cohen almost fell off his chair. Having worked for another executive who lost out when Weill became Hayden's CEO, Cohen recalls, "I thought I was going to be fired." Instead, that lunch marked the beginning of a swift rise at Hayden and later at Shearson (when Hayden acquired Shearson Hammill in 1974) that has taken Cohen to the number two spot at Shearson/Amex and the board of American Express.—R.S.

Boston, the Pru-Bache matchmaker, got $3.9 million, while Goldman, Sachs made $2 million for performing the Dean Witter-Sears nuptials.

There's little doubt that more big paydays lie ahead. E.F. Hutton, second-largest U.S. brokerage house, remains independent—but TransAmerica Corp., the big San Francisco-based conglomerate, is nibbling; it has about a 3% interest in Hutton. So far, Hutton President George Ball declares the firm will not be acquired—and brokerage firms are not likely to be dragged to the altar against their will since the management and sales force can simply walk out. But who knows what inducements may be dangled in front of Ball and his salesmen?

If Hutton remains independent, it will have to face continuing inroads into businesses that once were exclusively Wall Street's. For years the brokers have been successfully fighting off the efforts of commercial banks to get Congress to let them into investment banking. The odds are that during this year or next Congress will give the banks at least a beachhead by letting them underwrite revenue bonds. In fact, Ball says he sees the day when Hutton might consider buying a bank in self-defense—to serve the loan needs of its stock and bond customers. Merrill Lynch, of course, has been profitably browsing on the fringes of the banking business with its $38 billion in money market funds. There's also the Merrill Cash Management Account, complete with Visa card, which allows customers to save and also to borrow through checks. In short, banking in everything but the name.

So what happens to the independents? John Whitehead, co-managing partner of Goldman, Sachs, thinks the banks, for example, may not have the stuff to make it in Wall Street's wheeling-dealing investment banking world. And Richard Zorn, who with his partner Charles Balis runs the small firm of Balis & Zorn, Inc., sees opportunity in the great stampede to buy up Wall Street. Balis & Zorn serves wealthy individual clients like John Denver, Zorn says, and as brokerage houses become conglomerated, prepackaged and sanitized, these big, rich customers will opt for the personal touch.

Will the independent broker survive? That remains to be seen. But one thing is clear: If the independents go the way of the buggy whip, it will not come about before a lot more happy millionaires are created on Wall Street. ■

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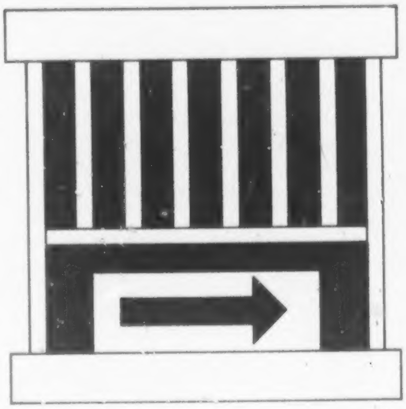
If interest rates come down a bit this year, that's good, obviously, for banks and their borrowers. But the forces that may cause a drop in rates may also cause a boost in loan losses.



Banks

By Allan Sloan

The good news this year is supposed to be that the economy is slipping so badly that loan demand will be low enough to allow the federal government to finance its deficit without sending rates back through the roof.

Indeed, that may be good news if it forces interest rates down for a while. The bad news is this: It will also play hob with banks' loan losses. Two years of interest rates in the middle to high teens have sapped the strength of many borrowers, both business and consumer. A sharp drop in the economy could kill off many of these weakened customers.

It could be even worse than when the economy went south in 1974-75. Then, the big bank casualties were real estate loans, especially those to real estate investment trusts. This time around, many borrowers are vulnerable, perhaps across the board. If there is a deep recession, says James Wooden, a Merrill Lynch banking analyst, "the credit problems will be more dispersed [than in 1974-75]. It could be small- and middle-market commercial and industrial loans, it could be real estate, it could be some single-family homes with excesses of pyramiding mortgages."

Even without loan problems, bank profits are already under pressure. Look at the gyrations many bank holding companies went through in the second half of last year to keep profits up. They sold investments and real estate holdings at a gain, and booked profits by buying in long-term bonds at less than par. They had to, or thought they had to: Their shareholders didn't buy bank stocks for a ride on a roller coaster.

While they cope with these problems, their rivals steal a march. The banks have been waiting for interstate banking for years, and that's a little like waiting for Godot. While

Banks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
New York banks												
Republic New York	21.7%	1	23.9%	0.6	15.5%	1	14.2%	6.5%	40.3%	1	17.1%	1
J P Morgan	15.0	2	13.5	0.3	12.1	2	12.8	4.9	20.1	5	10.2	4
Bankers Trust N Y	14.7	3	17.2	0.3	13.8	3	11.6	4.3	16.8	9	12.6	3
Irving Bank	14.5	4	16.8	0.5	13.0	6	11.2	4.3	16.9	8	13.3	2
Manufacturers Hanover	14.4	5	14.1	0.5	11.2	4	11.3	3.5	22.0	4	9.2	7
Citicorp	14.3	6	10.6	1.5	7.1	8	9.8	2.4	22.9	3	8.2	8
Chemical New York	13.4	7	16.5	0.4	12.0	7	9.9	3.9	19.3	6	10.1	5
Chase Manhattan	12.7	8	14.1	0.6	9.7	9	9.4	3.6	18.3	7	9.3	6
Bank of New York	12.5	9	12.7	0.1	12.0	5	11.3	3.6	23.1	2	5.1	9
Marine Midland Banks	7.6	10	9.8	0.5	8.3	10	6.4	3.2	12.6	10	2.4	10
Medians	14.4		14.1	0.5	12.0		11.3	3.8	19.7		9.7	
Regional banks												
Mercantile Texas	20.1%	1	20.2%	0.4	16.0%	4	15.0%	7.6%	47.4%	1	17.8%	3
Texas Commerce Bshs	19.5	2	22.1	0.1	20.9	1	18.1	9.1	30.7	2	17.5	5
First Intl Bshs	18.6	3	20.6	0.6	15.8	5	14.9	7.9	25.6	5	15.2	10
Valley National	18.1	4	18.1	0.0	19.3	2	17.0	8.0	18.2	22	18.0	2
U S Bancorp	18.0	5	17.5	0.6	12.5	9	14.1	10.0	17.6	23	15.2	9

Note: Explanation of Yardsticks calculations on page 51.

the banks wait, S&Ls and near-banks such as Merrill Lynch, Sears, Roebuck and American Express are edging into the banking business.

Misery loves company, though, and the best thing banks have going for them is the more serious troubles afflicting the thrift industry. The thrifts—savings and loan associations and mutual savings banks—are still sitting on $700 billion of deposits, despite their stricken state. In the current climate of deregulation, banks are greedily eyeing the sinking S&Ls and their deposits.

Here's why: Though their profits are under pressure, the industry is still profitable, solidly so, while the thrifts are bleeding from every pore. Banks, whose portfolios are heavily weighted to adjustable-rate loans, can pay more for deposits than the thrifts can. Should deregulation finally appear, large parts of savings and loan deposits are vulnerable to banks. "If the thrifts bid competitively to try and keep their savings deposits, they'll see their earnings disappear," says Jonathan Gray, Sanford C. Bernstein's S&L analyst. "If they don't bid competitively, they'll see their deposits disappear."

Indeed, despite their potential problems in 1981, bank stocks may turn out to be a good investment. The prospect of interstate banking has made many regional banks takeover

Banks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
First City Bancorp	17.5%	6	20.7%	0.1	19.1%	3	16.2%	8.4%	27.9%	3	15.7%	7
Republic of Texas	17.4	7	18.1	0.4	15.5	8	14.3	6.9	26.4	4	15.3	8
BankAmerica	17.2	8	13.1	0.3	10.7	11	13.4	3.6	20.1	11	13.8	14
Security Pacific	16.6	9	16.7	0.6	12.6	10	13.7	5.1	19.9	13	17.8	4
First Interstate	16.3	10	15.9	0.5	12.8	16	13.1	5.9	16.8	30	17.2	6
Seafirst	15.9	11	15.4	0.3	13.3	7	14.3	5.7	21.7	8	13.6	15
Continental Illinois	15.9	12	15.5	0.4	12.2	14	13.2	4.0	23.2	6	11.9	21
Michigan National	15.7	13	12.4	0.4	10.0	17	12.5	5.7	17.1	28	11.4	23
Crocker National	15.7	14	12.0	0.4	9.5	25	11.3	3.4	18.8	18	14.2	13
Industrial National	15.5	15	17.8	0.9	10.7	30	10.5	6.7	14.8	35	12.3	18
Northwest Bancorp	15.3	16	14.0	0.5	10.8	21	11.9	6.2	19.9	15	12.1	19
Wells Fargo	15.2	17	13.8	0.9	10.6	23	11.7	4.0	19.8	16	14.6	11
First Bank System	15.1	18	13.9	0.4	11.3	18	12.5	6.5	18.5	21	11.0	24
Rainier Bancorp	14.9	19	14.0	0.2	12.3	15	13.2	6.1	20.2	10	14.4	12
Mercantile Bancorp	14.7	20	14.6	0.4	11.6	24	11.5	6.6	18.9	17	7.9	34
National City	14.5	21	10.4	0.2	9.4	5	14.9	6.2	21.3	9	7.6	35
NCNB	14.5	21	14.2	0.5	10.8	32	10.4	5.4	16.3	32	11.9	20
Barnett Banks Fla	14.5	23	15.9	0.3	13.4	22	11.8	7.2	17.5	24	13.0	17
Pittsburgh National	14.3	24	14.8	0.2	13.6	12	13.4	6.5	20.0	12	10.3	27
Wachovia	14.1	25	14.7	0.0	14.4	13	13.4	7.9	14.1	38	10.7	26
Girard	14.0	26	14.8	0.4	11.9	29	10.7	7.0	10.6	41	13.4	16
First Union Bancorp	13.4	27	13.7	0.2	12.9	20	12.2	6.1	19.9	14	10.0	28
Maryland National	13.4	28	15.0	0.3	12.1	28	11.0	7.4	18.7	20	8.8	33
Southeast Banking	13.3	29	15.2	0.5	11.5	33	10.0	6.4	18.8	19	9.8	30
First Natl Boston	13.0	30	14.9	0.6	10.7	38	9.2	3.8	22.0	7	11.0	25
DETROITBANK	13.0	31	10.4	0.1	9.8	19	12.2	5.1	17.3	26	8.9	31
NBD Bancorp	12.4	32	10.6	0.2	9.7	27	11.2	5.4	14.2	37	8.9	32
Mellon National	12.1	33	12.1	0.4	10.4	31	10.4	5.2	15.2	34	9.9	29
Philadelphia Natl	11.8	34	10.6	0.3	8.7	37	9.3	4.7	13.5	39	5.5	38
BanCal Tri-State	11.7	35	6.0	0.4	5.3	39	9.0	2.4	10.2	42	22.9	1
First Wisconsin	11.7	36	13.3	0.3	11.1	36	9.4	4.9	12.0	40	11.8	22
Manufacturers National	11.5	37	2.5	0.2	2.7	34	9.9	1.1	17.3	25	5.3	39
AmeriTrust	11.2	38	10.3	0.0	10.3	26	11.2	8.7	14.4	36	7.2	36
Northern Trust	11.0	39	11.6	0.1	10.9	35	9.7	4.3	16.3	31	5.7	37
First Chicago	9.5	40	7.7	0.3	6.9	43	7.9	2.3	17.0	29	1.1	42
BancOhio	9.4	41	11.4	0.0	11.0	40	8.8	5.6	15.9	33	3.7	40
Harris Bankcorp	9.3	42	7.5	0.0	7.5	42	8.5	3.0	17.3	26	0.4	43
Citizens & Sthrn Ga	9.2	43	16.4	0.1	15.4	41	8.6	7.3	10.0	43	1.7	41
Fidelcor	5.0	44	14.0	0.5	11.7	44	4.8	5.6	6.9	45	–15.7	44
First Pennsylvania	def	45	def	3.0	def	45	def	def	8.5	44	P–D	45
Medians	14.5		14.0	0.3	11.3		11.7	5.9	17.6		11.4	
Industry medians	14.4		14.1	0.4	11.5		11.3	5.6	18.3		11.0	
All-industry medians	15.5		14.7	0.4	10.9		11.1	4.5	14.0		12.5	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

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Bank rates posted in New York
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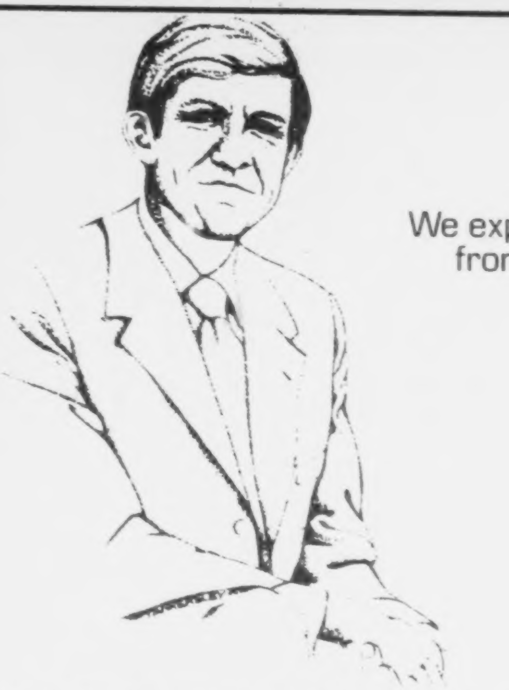
possibilities. In the past few years these stocks have been selling at heavy discounts from book value. It's a reasonable assumption that acquisitions would be made at close to book, and probably higher.

One element driving up the price of regional bank stocks is that bank companies have begun investing in each other, both as a potential foothold for interstate activities and as an acquisition play should another bank decide to buy in. The Bank Holding Company Act allows bank companies to buy up to 5% of other bank companies. The takeover potential, combined with the fact that dividends paid to a bank company are 85% tax-exempt, has made the regionals attractive buys for other regionals.

All these factors have lured big outside money to regional banks, giving some of their stocks sharp recent gains. Some pension funds have gotten into the game, figuring that the regionals are a good buy at today's depressed prices and that any takeover benefits the funds.

But the immediate problems remain. Loan losses are an enormous potential problem that may give no warning before they show up. The easiest way to keep profits up is to keep loan loss provisions low, on the assumption that sooner or later some miracle will bail the borrowers out. But if the loss provisions have been kept low and the borrowers get into trouble, the need to make up for past leniency can blow profits—and capital—right out of the water.

As ever, quality will pay. ■



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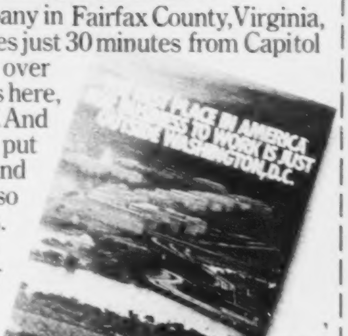

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FAIRFAX COUNTY, VIRGINIA F504

Once again, interest rates are coming down while insurance underwriting ratios are being driven toward historic highs. Why can't the industry avoid this lethal cycle?

Insurance

By Jay Gissen

THE INSURANCE INDUSTRY, more than any other, needs stability and predictable economic trends. But nowadays it's hard to see ten days—let alone ten years—ahead.

Take the plight of property-casualty insurers. For two years they have been driving down rates in bidding wars. With short-term interest rates approaching 20%, it made sense to bid low for business, to have the use of the customers' premium money until claims started coming in.

But with short-term rates falling, decreasing that investment income, property-casualty now finds itself at the bottom of the underwriting cycle and in trouble. The industry's underwriting ratio is threatening to drive past the alltime high of 109, set in late 1974. In that year the industry paid out $1.09 in claims for every $1 it received in premiums. The downturn won't ease until at least mid-1982.

The losses—plus overhead—must be covered by investment income, which is dropping. Some thinly capitalized insurers who gambled on interest rates staying high may bleed badly before they can raise rates.

Of course, those lower interest rates—even if only temporary—will be helpful. With rates dropping, the insurance companies' depressed bond portfolios will perk up. But there's a danger in that, too. The danger, cautions analyst David Seifer of First Boston, is that the companies will think their problems are behind them: "They could take that improved balance sheet and reinvest that improvement right back into the price competition."

Who will fare best in the unstable environment that may become a fact of life in insurance? Companies with a diverse mix of insurance businesses, or whose mix is higher in personal lines, will be best off. Firms such as St. Paul, American International Group and Chubb, who have had a tighter discounting policy, should also outperform the industry in 1982. Says Oppenheimer & Co. analyst Myron Picoult: "They have been trying to stay on the fringe of price competition

Insurance

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Life & accident												
First Executive	36.3%	1	36.2%	0.0	24.1%	2	20.3%	1.7%	80.9%	1	78.1%	1
Combined Internatl	21.8	2	21.0	0.0	21.0	1	21.4	12.5	13.2	7	13.0	6
American Family	21.0	3	10.9	0.2	9.5	3	19.7	3.9	34.6	2	12.4	8
Business Men's Assur	17.2	4	14.3	0.0	14.7	5	15.3	10.1	5.3	16	44.4	2
Provident Life & Acc	17.1	5	14.1	0.0	14.1	4	17.1	7.5	5.8	15	14.9	5
USLIFE	16.4	6	14.8	0.5	12.0	7	13.6	11.6	12.1	8	10.9	13
Gulf United	16.0	7	15.1	0.4	11.5	10	13.1	9.3	17.1	3	12.6	7
Jefferson-Pilot	13.8	8	12.7	0.0	12.6	6	13.7	11.4	10.4	10	11.7	10
Capital Holding	13.7	9	13.7	0.0	13.6	8	13.5	10.8	10.0	12	11.4	12
American Natl Ins	13.2	10	10.9	0.0	10.8	9	13.2	11.1	9.6	13	18.9	3
Liberty Natl Ins Hld	13.0	11	13.2	0.0	13.2	11	12.9	12.8	10.5	9	9.9	15
Washington National	12.9	12	13.1	0.0	11.8	12	11.3	4.6	16.5	4	11.4	11
NLT	11.3	13	10.9	0.1	10.5	13	11.0	17.0	8.9	14	8.8	16
Equitable of Iowa	10.9	14	8.6	0.2	7.3	15	9.7	4.0	16.2	5	10.8	14
Nationwide	10.4	15	8.2	0.0	8.5	14	10.6	4.8	10.4	11	12.4	9
PennCorp Financial	10.1	16	2.5	0.7	3.6	16	9.5	1.8	16.1	6	17.3	4
Medians	**20.0**		**14.9**	**0.1**	**13.5**		**16.8**	**6.5**	**14.1**		**22.0**	

Note: Explanation of Yardsticks calculations on page 51.

rather than give away the whole store."

One exception to massive price discounting thus far has been group health insurance, which has remained profitable. Faced with ever higher-priced medical claims, companies such as Aetna Life & Casualty and The Travelers Corp. have been leading the drive to increase rates. "Whether the industry can hold the rates up in group health is a big question," says First Boston's Seifer. "Will price-cutting come into group health if it's the only profitable area of insurance?"

In life insurance, meanwhile, some startling changes are on the way. The latest is universal life (FORBES, *July 20, 1981*). Universal life is a good deal for the customers but a threat to established life insurance companies whose investment returns will be dragged down by universal life's higher yields to policyholders. Ambitious smaller firms, on the other hand, are looking toward universal life as a way to jump into the industry in a big way in a short time. "They've got nothing to lose," says Oppenheimer's Picoult. "They don't have a book of business that's going to be cannibalized by competitors offering universal life."

Big companies, of course, have a lot to lose, so they are lobbying intensively to stop universal life, which will depend on a favorable IRS ruling to be a viable product. Will the old-line companies prevail? Who knows?

So the future is harder to predict. One direction in which the industry seems to be headed is no-frills insurance—bad news for the brokers. More and more firms are setting up their own risk management departments, bypassing the brokers. In fact, most services offered by brokers are now duplicated by insurance companies.

The insurance industry has some reckoning ahead. No one company can end price discounting. It would take an industry consensus that seems unlikely. There are too many opportunities for companies that make shrewd investments to use the extra income to gain market share by discounting.

Insurance is a business that counts on predictability. But the financial markets are no longer predictable nor is the future rate of inflation. ■

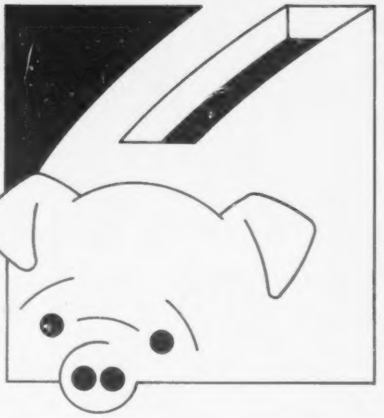
Insurance

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Fire & casualty												
Reliance Group	50.3%	**1**	16.4%	0.6	10.9%	**11**	16.5%	4.6%	10.0%	**13**	D–P	
GEICO	49.4	**2**	35.0	0.6	19.2	**4**	23.5	8.9	3.3	**14**	D–P	
Mission Insurance	33.6	**3**	26.7	0.2	23.9	**1**	27.7	10.5	31.6	**1**	39.6%	**1**
Ohio Casualty	26.1	**4**	18.3	0.0	18.2	**2**	25.5	8.7	17.9	**4**	24.7	**8**
USF&G	25.0	**5**	13.0	0.0	13.1	**3**	25.1	7.7	14.9	**9**	27.4	**5**
Crum & Forster	24.1	**6**	21.6	0.0	21.2	**5**	23.1	9.5	14.3	**10**	27.8	**3**
Kemper	22.8	**7**	15.1	0.0	15.2	**6**	22.8	4.5	22.2	**3**	27.6	**4**
General Re	22.8	**8**	20.1	0.0	19.8	**7**	22.1	12.8	17.5	**5**	26.2	**7**
Hanover Insurance	22.1	**9**	18.3	0.0	18.2	**8**	21.3	6.6	16.2	**7**	27.1	**6**
American Express	20.6	**10**	17.9	0.5	16.0	**10**	17.2	7.2	17.0	**6**	18.2	**10**
Republic Finl Svcs	20.0	**11**	14.9	0.2	13.0	**12**	15.9	6.0	15.8	**8**	17.9	**11**
Chubb	19.0	**12**	15.6	0.0	15.0	**9**	17.6	7.2	10.3	**12**	22.0	**9**
Continental Corp	14.6	**13**	7.7	0.0	7.5	**13**	13.5	4.7	10.8	**11**	17.4	**12**
Berkshire Hathaway	12.4†	**14**	9.7	0.2	9.3	**14**	10.9†	8.5	25.3	**2**	33.4	**2**
Medians	**22.8**		**17.2**	**0.2**	**15.6**		**21.7**	**7.5**	**16.0**		**26.7**	
Multiple line												
Old Republic Intl	25.4%	**1**	19.8%	0.2	16.9%	**1**	25.5%	12.3%	21.6%	**3**	28.5%	**2**
Loews	24.6	**2**	23.6	0.5	12.0	**14**	11.5	5.4	20.1	**4**	29.6	**1**
American Intl Group	23.6	**3**	20.6	0.1	19.8	**2**	22.3	11.1	22.4	**1**	24.0	**5**
CNA Financial	22.0	**4**	11.1	0.2	8.4	**12**	11.8	3.5	8.3	**14**	D–P	
Aetna Life & Casualty	20.9	**5**	14.6	0.1	13.6	**5**	18.6	3.6	15.3	**6**	24.2	**4**
Farmers Group	20.4	**6**	17.9	0.0	17.8	**4**	19.5	22.1	14.5	**7**	18.9	**9**
INA	20.1	**7**	32.0	0.3	25.9	**7**	17.3	11.3	15.8	**5**	25.0	**3**
Colonial Penn Group	19.8	**8**	5.5	0.0	5.5	**3**	19.8	1.7	21.7	**2**	8.8	**13**
St Paul Companies	19.7	**9**	13.0	0.0	12.9	**6**	17.7	6.9	13.6	**9**	18.4	**10**
American General	19.0	**10**	15.7	0.1	14.4	**10**	15.3	7.5	11.5	**12**	22.0	**7**
Safeco	18.2	**11**	12.0	0.3	10.3	**11**	14.6	7.0	13.7	**8**	23.1	**6**
Travelers	17.0	**12**	13.5	0.0	13.3	**9**	16.2	3.7	10.5	**13**	20.4	**8**
Connecticut General	16.8	**13**	15.2	0.0	14.9	**8**	16.3	6.1	12.2	**11**	15.4	**11**
Lincoln National	13.1	**14**	10.7	0.1	9.0	**13**	11.6	4.8	13.0	**10**	14.1	**12**
Medians	**20.0**		**14.9**	**0.1**	**13.5**		**16.8**	**6.5**	**14.1**		**22.0**	
Industry medians	**19.8**		**14.7**	**0.1**	**13.3**		**16.4**	**7.4**	**14.4**		**18.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. D-P: deficit to profit; not ranked.

Don't look too long at the savings and loan associations that are dying. Look instead at the giant new ones that are being born.



The thrifts

By Allan Sloan

THE THRIFT INDUSTRY is suffering from the economic equivalent of bubonic plague. The sickness—paying out higher interest rates on deposits than come in on loans—goes on and on. Every few days the hearse appears and carts off another victim.

But while the ever-growing death list gets the attention, it's often forgotten that there is a new breed of institution quietly being born: the giant, interstate S&L. Under pressure to find institutions large enough to take over big, failing associations, the Federal Home Loan Bank Board has arranged emergency bailouts that would probably have drawn some antitrust flak had they been attempted during normal times.

Two very large interstate acquisitions have already taken place: National Steel's California-based S&L subsidiary took over S&Ls in New York City and Miami Beach, and Glendale Federal of California took over First National S&L of Broward County, Fla.

Other interstate deals are on the way. The tipoff: new Federal Home Loan Bank Board accounting rules that make interstate acquisitions more attractive than intrastate ones. Under this "purchase accounting," a S&L can acquire an association in a different state, write the loan and bond portfolios down to market value and account for the difference between face value and market value over 40 years. For intrastate deals, it's only 25 years.

That 15-year difference is the key. The thrifts' sound but depressed mortgages and bonds have an average life of maybe 12 years and then pay off in full. So the association takes the difference between book value and face value into its profits over 12 years as the loans and bonds pay off, but can spread the losses over 40 years.

What this means is that while banks have been forever on the brink of going interstate, the S&Ls are doing it with little public debate.

One reason for the interstate deals is that even with an accounting bag of tricks, it takes capital to take over a big, failing S&L. Stockholder-owned S&Ls generally find it easier than mutuals to raise capital. After all, the stocks can sell new shares, but the mutuals have no stock to sell. Most of the big stock S&Ls are in California. They are the prime choices to bail out the sickies, regardless of where they're located.

Anthony Frank, head of National Steel's S&L, hopes his new tri-state association can prosper, luring deposits by providing customers with such things as income tax preparation and simple trusts. ("For more complicated ones," he says, "let them go to a bank.")

Frank has been more astute than most S&Ls bosses, because he has concentrated on making adjustable mortgages while many of his colleagues rushed out to lock up yields that a few years ago seemed oddly

The thrifts

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Golden West Finl	20.7%	1	3.2%	0.3	3.5%	1	16.8%	1.1%	35.1%	1	15.6%	1
Imperial Corp of Am	12.5	2	def	0.8	0.9	3	11.1	def	20.3	3	10.9	2
Gt Western Financial	11.9	3	1.3	0.5	2.3	2	11.1	0.7	17.9	6	10.6	3
H F Ahmanson	11.6	4	def	0.4	0.9	4	10.0	def	19.3	4	9.4	4
First Charter Finl	9.9	5	def	0.7	0.4	5	9.5	def	18.4	5	4.6	5
Gibraltar Financial	6.5	6	def	0.5	def	6	8.9	def	23.3	2	–5.4	6
Industry medians	**11.8**		**def**	**0.5**	**0.9**		**10.6**	**def**	**19.8**		**10.0**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51. def: deficit

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high, but now seem oddly low.

His advice is for thrifts to convince borrowers to trade in fixed-rate mortgages for new adjustable ones at a "blended" rate. With the recent drop in long-term rates, that kind of deal may become attractive. That could help solve one of the industry's biggest problems: lack of portfolio turnover. As old, fixed-rate loans become more valuable to the borrowers, they pay them off less frequently. In fact, the industry's average loan portfolio "life" has climbed to 12 years from 10 in the past few years.

But even with some modest rate relief, the restructuring of the weakened thrift industry will go on. "If you don't have any capital, it's very hard to make money," says Merrill Lynch analyst Jerome Baron. "Even if the bleeding stops, many S&Ls have to get more capital."

That means that, even if the death rate slows down, the thrift industry will continue to consolidate. Some of the larger ones have long wanted to have the powers of commercial banks, and they may get them during the current environment of deregulation and fear of big S&L collapses. The days of the small neighborhood mutual S&L have vanished, along with the 7% mortgage. ■

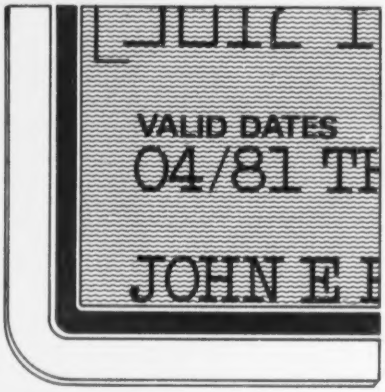
Dodging bullets

Even though most savings and loan associations are in trouble, new ones are springing up all the time. Sound strange? There's a reason, albeit not a very good one.

Jonathan Gray, S&L analyst at Sanford C. Bernstein, attributes the phenomenon to a "Churchillian strategy," based on a story the late British prime minister told about his days as a war correspondent in Cuba in 1895.

Churchill woke up in the wee hours of the morning to find bullets whizzing through his hut. He raised his head a bit, saw another man sleeping between him and the bullets, and went back to sleep. Gray thinks new S&Ls are like that. They're making 17% loans and have no old 8% ones on the books. If rates come down, the new S&Ls make a ton of money. If rates go up, the rest of the industry, with an average mortgage yield of under 10%, will go bust first. Either way, you have the rest of the industry between you and the bullets.—**A.S.**

That cliché—the department store of finance—is moving closer and closer to reality all the time.



Financial services

By Jay Gissen

WHAT'S IN A NAME? For the financial services industry, plenty. The business used to be called "consumer finance" until Wall Street gave it a fancy new name. Even the old name was a euphemism. Most people interpreted consumer finance as a term for small-loan companies, a business that used to have an image only a cut or so above your neighborhood loan shark: sort of a lender of next-to-last resort. But the business has come a long way.

Financial services are now all the rage. Being in debt is no longer a disgrace, and everyone has become a potential borrower. The idea is to assemble a "financial supermarket," where the whole is equal to more than the sum of the parts. Old-line loan companies are trying to move "upscale" by searching for more affluent customers. Banks are actively seeking a piece of the business, and with such companies as Prudential Insurance, American Express and Sears, Roebuck broadening their financial product lines, the business is becoming even blurrier than usual. Brokers are no longer strictly brokers; banks no longer strictly banks; and Sears, Roebuck would like to be your bank, your broker and your moneylender all in one—in addition to selling you insurance as it has done for decades.

Large and small, these companies are betting on technology, which will let you shop, invest, borrow and deposit without leaving your house.

Is this just fad? Or future reality? "There's been a lot of ballyhoo about consumer financial services, and people have seen that it looks attractive," says Finn M.W. Caspersen, chairman of Beneficial Corp. "But when they get into the business, they're going to find that it's just like any other competitive business: It takes knowledge, skill and capital to make a reasonable return." He wonders: Does Sears have it? Does American Express?

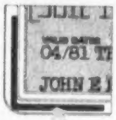
Yet the technology itself seems to pose few long-term barriers, and the fact that several industries have crossed traditional borders to provide similar services has made for fierce

Financial services

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Alexander & Alexander	39.2%	**1**	28.8%	0.0	28.9%	**1**	42.4%	12.2%	26.5%	**3**	23.4%	**2**
Marsh & McLennan Cos	31.2	**2**	20.8	0.5	15.4	**2**	31.8	14.1	17.8	**4**	16.0	**8**
Baldwin-United	26.1	**3**	27.2	0.5	16.9	**4**	16.3	4.0	36.8	**2**	21.2	**4**
American Express	20.6	**4**	17.9	0.5	16.0	**3**	17.2	7.2	17.0	**6**	18.2	**6**
Avco	20.4	**5**	10.8	2.5	5.8	**11**	7.2	4.0	9.1	**12**	37.3	**1**
Transamerica	18.5	**6**	15.3	1.2	9.1	**6**	11.5	5.4	11.2	**10**	22.6	**3**
Alleghany	15.1	**7**	17.4	0.4	11.9	**5**	13.2	4.9	43.4	**1**	16.3	**7**
RCA	14.6	**8**	0.1	0.8	3.8	**7**	10.8	0.9	9.5	**11**	7.8	**9**
Walter E Heller Intl	13.7	**9**	12.9	2.7	7.1	**10**	7.3	4.9	17.1	**5**	6.9	**10**
Household Intl	12.9	**10**	7.4	2.0	4.6	**12**	6.4	1.4	13.9	**9**	5.0	**11**
Sears, Roebuck	10.6	**11**	6.6	0.4	5.9	**8**	9.0	1.9	8.6	**13**	3.7	**12**
Control Data	9.8	**12**	10.6	0.3	9.4	**9**	8.1	3.9	14.3	**8**	19.6	**5**
Beneficial Corp	9.3	**13**	def	3.1	3.7	**13**	5.7	0.5	8.0	**14**	–3.8	**13**
Fedl Natl Mortgage	7.9	**14**	def	27.2	3.9	**14**	4.3	def	14.9	**7**	–8.2	**14**
Industry medians	**14.9**		**11.9**	**0.7**	**8.1**		**9.9**	**4.0**	**14.6**		**16.2**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
def: deficit.



competition to get there first. The consumer will be a gainer. "There is no question that the entrance of Sears and American Express into the business of supplying financial service to consumers creates a good deal more activity and more choices for the consumer as to where he is going to put his money," says Franklin Cole, chairman of the commercial finance giant Walter E. Heller International. "While all that competition creates flux and uneasiness and trauma, it's essentially good for the consumer because it means more alternatives."

Rather than waiting to be gobbled up by outsiders, some traditional financial services companies are spreading out. Marsh & McLennan took over C.T. Bowring & Co., a British insurer, in 1980 to get into the Lloyd's of London market. Alexander & Alexander is buying U.K.-based Alexander Howden Group Ltd. to get into Lloyd's and to expand its foreign reinsurance business, after having failed to buy Sedgwick.

Alexander & Alexander owns a small regional investment counseling house in Atlanta and a property tax consulting operation. "There is a broadening going on," says A&A Chairman Kenneth W.S. Soubry. "We are studying many avenues, but we are cautious people and move slowly. We're careful how we do it."

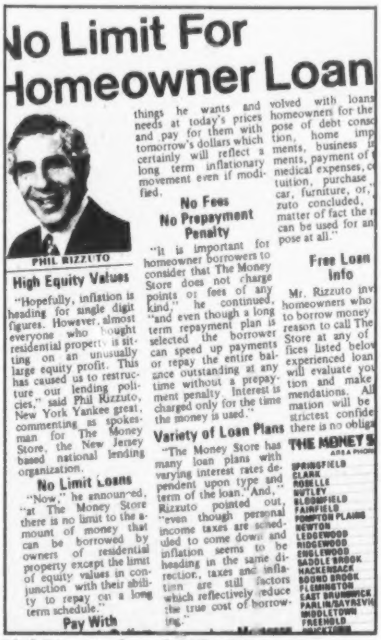
Where does all this leave what used to have that repellent image—the traditional consumer finance companies? Possibly in the dust. While they were once a large part of a small field, they are fast becoming mere specks on a giant screen.

Companies such as Household International (formerly Household Finance), Beneficial and Avco Financial have been forced to pare their number of moneylending shops significantly. Avco shut down about 500 offices—a 28% reduction—last year alone, and Beneficial cut about 400 offices, too. That's about 20% of its branches. They are losing business to the banks.

The consumer finance companies' fundamental problem is not only that their markets are being raided by the banks but that, at the same time, rapidly fluctuating interest rates make it impossible to project the cost of money. The finance companies prospered when there was a wide spread between their short-term borrowing costs and the rates that state usury laws would let them charge. That spread has narrowed greatly. Meanwhile, banks are trying to skim the cream off the market by offering credit cards, check overdraft privileges and personal lines of credit—all but nonexistent a decade ago.

Some finance companies, notably Beneficial, have tried to move into second-mortgage lending. That way they can lend money in bigger chunks (reducing dollars of overhead per dollar lent out) and with collateral. "Second mortgages have remained a fairly safe haven for lending," notes Harold Levine, an E.F. Hutton analyst. Will things stay that way? Who knows?

The biggest asset the finance companies have is clearly their loan offices. Because finance companies aren't bound by the laws that limit bank branches, many of them have national or regional networks of offices in different states. One big company, Household, has bought a bank—Valley National of Salinas, Calif.—and may use Household Finance offices as branch banks in the future. But it's more likely that banks will buy loan companies. Their ready-made national branch networks make them attractive to bank holding companies that are convinced they will one day be able to branch across state lines. Only custom and probably obsolete laws keep the one-stop money shop from becoming a reality—and beyond that lies an attachment to your TV screen that will tap you directly into the worlds of borrowing, lending and investing. ■



No Limit For
Homeowner Loan

PHIL RIZZUTO

High Equity Values

"Hopefully, inflation is heading for single digit figures. However, almost everyone who bought residential property is sitting on an unusually large equity profit. This has caused us to restructure our lending policies," said Phil Rizzuto, New York Yankee great, commenting as spokesman for The Money Store, the New Jersey based national lending organization.

No Limit Loans

"Now," he announced, "at The Money Store there is no limit to the amount of money that can be borrowed by owners of residential property except the limit of equity values in conjunction with their ability to repay on a long term schedule."

Pay With

things he wants and needs at today's prices and pay for them with tomorrow's dollars which certainly will reflect a long term inflationary movement even if modified.

No Fees No Prepayment Penalty

"It is important for homeowner borrowers to consider that The Money Store does not charge points or fees of any kind," he continued, "and even though a long term repayment plan is selected the borrower can speed up payments or repay the entire balance outstanding at any time without a prepayment penalty. Interest is charged only for the time the money is used."

Variety of Loan Plans

"The Money Store has many loan plans with varying interest rates dependent upon type and term of the loan. And," Rizzuto pointed out, "even though personal income taxes are scheduled to come down and inflation seems to be heading in the same direction, taxes and inflation are still factors which reflectively reduce the true cost of borrowing."

volved with loans homeowners for the pose of debt conso tion, home imp ments, business i ments, payment of medical expenses, c tuition, purchase car, furniture, or, zuto concluded, matter of fact the can be used for an pose at all."

Free Loan Info

Mr. Rizzuto inv homeowners who to borrow money reason to call The Store at any of fices listed belov experienced loan will evaluate you tion and make mendations. All mation will be strictest confide there is no obliga

THE MONEY S

SPRINGFIELD
CLARK
ROSELLE
NUTLEY
BLOOMFIELD
FAIRFIELD
POMPTON PLAINS
NEWTON
LEDGEWOOD
RIDGEWOOD
ENGLEWOOD
SADDLE BROOK
HACKENSACK
BOUND BROOK
FLEMINGTON
EAST BRUNSWICK
PARLIN/SAYREVIL
MIDDLETOWN
FREEHOLD

Phil Rizzuto bats for The Money Store

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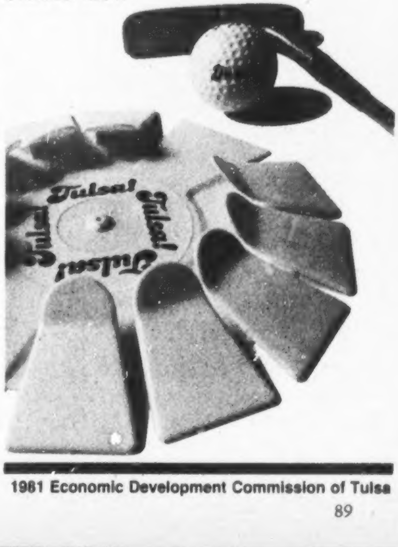
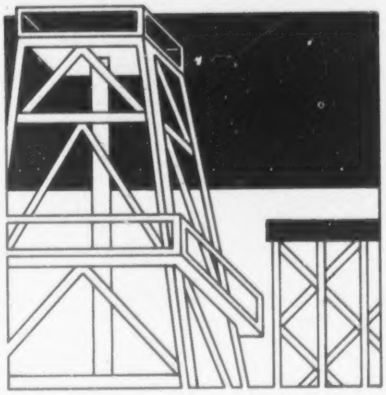
For more information on office space availabilities, write to John Degitz, Economic Development Division, 616 South Boston, Tulsa, Oklahoma 74119. Or call 918/585-1201.



1981 Economic Development Commission of Tulsa

Reports of OPEC's demise are greatly exaggerated—but they certainly are helpful to OPEC.

Energy



By Toni Mack

YOU'VE HEARD THE GOOD NEWS. Oil conservation is up, demand is down. Discoveries in Mexico and the North Sea have supplanted OPEC production. OPEC producers were forced to cut production and discount their crude in 1981.

Does it mean OPEC has lost its grip on world oil prices, and all is well again in the West? No. There's a dark side to every one of those bright spots. What will happen to conservation when Western economies recover? What big new supplies will come into production before the late 1980s? Considering last year's strong dollar, the currency in which oil is valued worldwide, how badly was OPEC really ailing? *(See box, p. 92.)* Not that much. "Rumors about OPEC's death are exaggerated," said Sheikh Ali Khalifa al-Sabah, oil minister of Kuwait, after the Oct. 29 meeting that unified prices. Take a look at the world situation, and you'll see that he is probably right. Alas.

OPEC is unlikely to repeat the price jumps that made oil a glamour industry in the last decade. Why? "Saudi Arabia and other OPEC leaders are concerned about the drop in consumption," says William Randol of First Boston Corp. "They want to rekindle demand, and the best way is to let the price drop in real terms." It's now time for them to consolidate the sixfold increase in prices they rammed down the world's throat in the 1970s. An extortionist, after all, doesn't want to kill his victim.

OPEC representatives at the Oct. 29 meeting that unified prices
An extortionist doesn't want to kill his victim.

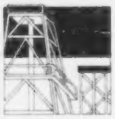
What OPEC has learned is that the oil market is somewhat price-sensitive, at least in the medium term. After prices nearly doubled from 1973 to 1975, free-world demand dropped 2.7 million barrels a day, to about 45.1 million. Then through 1978, when oil prices fell slightly in real terms, demand *climbed* 6 million barrels a day. When prices more than tripled in 1979-80, demand dropped almost 4 million barrels a day again, to around 47.5 million in 1981. What happens when prices stabilize again? Consultant Edward F. Carroll, for one, says bluntly: "The consumer will be lulled back to sleep. Nobody's going to care about a 3-cent- or 6-cent-a-gallon rise in product prices if he was expecting a 20-cent or 30-cent rise."

What happens, too, when world economies pick up again? Obviously, demand will as well. "The U.S. and [the developed] world have stagnated since 1979," says Arnold Safer, president of Bethesda, Md.'s Energy Futures Group. "They will come out of this and be booming again by the mid-Eighties." The result of an economic pickup, says Safer: "The world will suck up more oil."

Moreover, demand for oil has never waned in the developing countries. Countries outside the industrialized world were consuming 10.4 million barrels a day in 1975. In 1982 they will require around 14.5 million, more than half of it imported. Third World demand could easily grow another 8 million barrels a day in the next five to ten years.

The global thirst for oil, then, will not be that great in the short term—flat or up only slightly this year. But it could climb much more steeply in the mid-1980s—up to 52 million barrels, says Safer.

Meanwhile, replacements for OPEC



crude in the rest of the world are slowing. In the 1970s almost all of the rise in non-OPEC, free-world production came from the North Sea and Mexico. But Mexico's internal demand is likely to grow much faster than its production, and growth in North Sea production is peaking already. That's why Energy Futures' Safer says: "Even with major discoveries—and there have been some—that stuff won't be on stream until the late Eighties or early Nineties. That will be OPEC's real testing time."

In sum, OPEC will not try to put its hands deeper into the customer's pockets for the time being. In 1982, oil prices are likely to hold steady at around Saudi Arabia's $34 benchmark—a decline after inflation. After that, most experts think, price rises will at best keep slightly ahead of the inflation rate. Even price hikes caused by a major supply disruption probably wouldn't hold, according to Lawrence Goldstein of the Petroleum Industry Research Foundation.

That's precisely what the cooler heads in OPEC would like, a strategy clearly spelled out in the official OPEC document FORBES published last Jan. 19. Its message was direct and cynical: The dumb customers won't even notice slow, steady price increases; but big, sudden ones could bring military intervention at worst,

The dollar connection

Consultant Edward F. Carroll

How do you forecast the price of oil—by decreased demand, finite supply, the unity of OPEC (or lack of it)? All important factors, says energy consultant Edward F. Carroll, but there's another that's largely overlooked—the strength of the dollar.

"We've yet to come to grips with one of the greatest determining factors of oil—the currency issue," says Carroll, who spent 22 years as an energy analyst with the likes of E.F. Hutton and the Ford Foundation before starting his own consulting business in Stamford, Conn. When the dollar rises against the deutsche mark or the yen, Arabs can afford to let oil prices stabilize; when the dollar falls, oil prices are likely to rise. In fact, the dollar's strength in 1981 was the overriding reason for the oil glut, Carroll says. OPEC producers are paid in dollars, so as the dollar rose against other currencies last year, Europe and Japan were forced to pay more for their crude. The Saudis' purchasing power in deutsche marks, for example, on their $32-a-barrel oil reached the equivalent of $40.32 per barrel by midyear. Overall, OPEC producers were getting between $35 and $50 worth of purchasing power per barrel in Europe and Japan, where they buy 80% of their imports. "On that basis, Libya and Nigeria could easily offer discounts of $4," says Carroll. "Their purchasing power was still over $40 per barrel in countries outside the U.S."

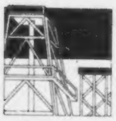
Withering demand forced Libya and Nigeria to cut production for a while, Carroll concedes, but since September the dollar has been falling, adjusting price pressure abroad. Thus, he says, demand should recover. Carroll thinks the dollar will drop another 10% to 15% in the next several months, and if it does, OPEC may even be tempted to break its vow not to raise prices in 1982.—T.M.

Energy

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
International oils												
Occidental Petroleum	30.1%	1	27.9%	0.4	16.3%	3	15.0%	4.4%	16.1%	6	17.7%	2
Phillips Petroleum	22.3	2	19.9	0.2	16.1	1	17.2	6.2	19.5	2	21.4	1
Standard Oil Calif	19.7	3	21.9	0.2	17.3	2	15.7	5.5	18.2	3	16.6	3
Exxon	19.4	4	23.0	0.2	16.5	4	14.6	5.2	17.0	4	11.8	5
Mobil	18.9	5	18.4	0.2	13.4	5	13.7	3.6	21.7	1	16.4	4
Texaco	15.6	6	18.6	0.2	13.8	6	11.5	4.0	16.6	5	8.3	7
Gulf Oil	13.5	7	12.8	0.1	10.4	7	11.2	4.2	12.2	7	9.1	6
Medians	**19.4**		**19.9**	**0.2**	**16.1**		**14.6**	**4.4**	**17.0**		**16.4**	
Other oil & gas												
Consol Petroleum	62.4%††	1	10.1%	1.0	7.5%		**	0.2%	106.8%‡‡	1	–1.3%‡‡	41
Tosco	52.5	2	def	1.1	def	24	12.6%	def	38.8	6	48.0	1
Charter	41.7	3	2.3	0.7	4.3	1	22.2	0.5	31.8	11	34.6	4
Standard Oil Ohio	38.6	4	42.6	0.7	23.1	8	17.1	16.2	30.5	14	45.9	2
Mitchell Energy & Dev	38.1	5	37.6	1.1	12.3	23	12.7	12.0	38.7	7	33.7	5

Note: Explanation of Yardsticks calculations on page 51.
††Three-year average. ‡‡Three-year growth. def: deficit. **Not available; not ranked.



big cutbacks or, heaven forbid, an intelligent development of alternative energies—coal, shale, or nuclear.

So, weep not for OPEC. But this could be bad news for free-world producers. "We're coming into a shakeout period," says one Dallas oilman. "A tremendous amount of money has come into the industry, and it has hiked costs up out of proportion with reality. With the money crunch and the oil glut, a lot of the independent oil operators don't have the money to drill up all those lands they have accumulated." The major oil companies, on the other hand, are spending $15 to $20 for every barrel of oil they find—oil whose net present value is $12 after taxes, production costs and discounting. What's more, few oil companies now find enough to replace what they take out of the ground every year.

"Given flat oil prices, the oil companies will have to spend a smarter

Energy

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Superior Oil	34.8%	**6**	21.3%	0.3	13.3%	**26**	12.2%	19.9%	29.3%	**17**	31.0%	**7**
Howell	32.8	**7**	14.3	0.4	12.1	**3**	20.5	4.5	30.2	**15**	17.6	**21**
Texas Oil & Gas	31.4	**8**	36.6	0.6	17.1	**12**	15.9	12.0	39.7	**3**	31.8	**6**
Marion	30.3	**9**	18.1	0.6	10.9	**9**	16.8	3.3	39.1	**4**	37.4	**3**
Dorchester Gas	29.7	**10**	25.1	0.6	15.3	**4**	18.8	4.4	74.1	**2**	30.0	**8**
Ashland Oil	28.8	**11**	6.4	0.5	6.5	**13**	15.1	1.0	16.9	**39**	20.5	**15**
Pennzoil	27.8	**12**	23.4	0.6	13.0	**18**	13.4	9.1	19.6	**30**	16.6	**23**
Louisiana Land	25.5	**13**	23.5	0.1	19.4	**2**	20.6	15.3	26.1	**19**	10.2	**33**
Natomas	25.3	**14**	23.8	0.5	17.0	**7**	17.3	15.9	35.5	**10**	24.3	**9**
MAPCO	25.3	**15**	18.8	0.8	9.7	**17**	13.4	4.5	35.7	**8**	13.6	**27**
Petrolane	24.9	**16**	27.4	0.4	20.2	**6**	17.7	5.3	21.7	**24**	19.5	**16**
Belco Petroleum	23.7	**17**	25.1	0.1	19.6	**5**	18.5	23.0	17.6	**37**	24.1	**10**
Sigmor	22.5	**18**	18.4	0.6	12.5	**11**	16.0	1.9	38.9	**5**	17.8	**19**
Holly Corp	22.3	**19**	11.2	0.3	7.9	**10**	16.1	1.4	30.6	**13**	22.3	**13**
Crown Central Petroleum	20.8	**20**	def	0.5	def	**22**	12.8	def	22.6	**23**	23.9	**12**
Atlantic Richfield	20.4	**21**	21.5	0.4	13.5	**19**	13.3	5.6	23.8	**21**	24.0	**11**
Amerada Hess	20.2	**22**	11.4	0.4	8.0	**15**	14.3	2.9	18.8	**32**	16.7	**22**
Murphy Oil	20.0	**23**	25.1	0.3	16.0	**27**	12.0	7.4	17.4	**38**	18.4	**17**
Standard Oil Indiana	19.5	**24**	20.7	0.2	14.7	**16**	14.1	6.2	19.1	**31**	15.6	**25**
Marathon Oil	18.8	**25**	18.9	0.5	11.7	**29**	11.7	3.8	21.0	**27**	15.1	**26**
Union Oil California	18.7	**26**	21.1	0.3	14.8	**21**	13.0	6.7	14.4	**42**	13.3	**29**
Tesoro Petroleum	18.5	**27**	26.4	0.0	19.2	**28**	11.7	2.6	31.7	**12**	–3.7	**42**
Getty Oil	18.4	**28**	20.5	0.1	15.4	**14**	14.8	6.8	22.9	**22**	21.9	**14**
Shell Oil	18.3	**29**	20.4	0.3	13.5	**20**	13.1	7.7	17.8	**36**	16.6	**24**
Diamond Shamrock	18.0	**30**	8.0	0.6	5.5	**31**	10.8	3.0	20.6	**28**	5.5	**38**
Sun Company	17.9	**31**	15.8	0.5	9.2	**25**	12.5	4.3	24.4	**20**	12.7	**30**
Tenneco	16.9	**32**	16.4	0.7	9.3	**35**	9.9	5.1	18.0	**34**	7.6	**35**
Pacific Resources	16.5	**33**	10.4	1.1	6.3	**27**	9.5	1.0	30.1	**16**	13.3	**28**
Suburban Propane Gas	16.3	**34**	17.1	0.6	10.6	**33**	9.9	2.9	21.0	**26**	11.9	**32**
American Petrofina	16.2	**35**	15.2	0.5	11.2	**30**	11.4	2.9	17.9	**35**	6.7	**37**
Empire	15.9	**36**	7.9	1.0	5.5	**32**	10.1	1.1	29.0	**18**	17.7	**20**
Coastal Corp	14.6††	**37**	def	1.2	3.7	**41**	7.9††	0.1	35.6	**9**	3.1	**39**
Union Pacific	14.0	**38**	13.7	0.4	8.5	**38**	9.2	6.4	21.5	**25**	18.0	**18**
Kerr-McGee	14.0	**39**	14.6	0.3	9.3	**34**	9.9	5.3	16.0	**41**	8.8	**34**
Cities Service	13.9	**40**	12.9	0.4	8.8	**36**	9.7	3.8	18.1	**33**	12.7	**30**
Quaker State Oil	13.5	**41**	11.4	0.4	8.2	**38**	9.2	2.9	20.0	**29**	1.9	**40**
Allied Corp	12.6	**42**	20.6	0.4	12.6	**40**	8.2	6.0	16.5	**40**	6.8	**36**
Commonwealth Oil Rfg	def	**43**	def	2.3	def	**42**	def	def	8.1	**43**	D–D	**43**
Medians	**20.2**		**18.1**	**0.5**	**11.2**		**12.9**	**4.4**	**22.9**		**16.7**	
Coal												
North American Coal	13.9%	**1**	4.5%	7.3	3.7%	**3**	6.5%	0.8%	14.0%	**1**	9.9%	**1**
Eastern Gas & Fuel	10.7	**2**	12.0	0.4	7.2	**2**	6.6	4.8	11.5	**2**	–0.6	**2**
Pittston	8.6	**3**	4.9	0.2	3.9	**1**	7.3	1.5	9.9	**3**	–11.9	**3**
Westmoreland Coal	0.3	**4**	def	0.4	def	**4**	1.8	def	4.7	**4**	–51.6	**4**
Medians	**9.7**		**4.7**	**0.4**	**3.8**		**6.6**	**1.2**	**10.7**		**–6.3**	
Industry medians	**19.5**		**18.3**	**0.4**	**11.5**		**12.8**	**4.4**	**21.0**		**16.5**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
††Three-year average. D-D: deficit to deficit. def: deficit.

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The solution that beats the system

dollar," says Russell Miller, an energy analyst at Baltimore's Alex. Brown & Sons. He cites as smart the partnership Texaco and Sequoia Petroleum formed with Mesa Petroleum in 1980. They agreed to pay $250 million to fund exploration on Mesa acreage and to lease more acreage in return for 35% of the ultimate production. Last year Sequoia signed a similar agreement with Dallas' Lear Petroleum. Some companies already spend a smart dollar. By the same token, Shell's expertise in secondary and tertiary recovery will stand it in good stead. So will Standard Oil of Indiana's excellent record of finding new reserves.

There's one area where flat crude prices will help: refining and marketing. Last year refiners were hit hard. In the U.S. they could not pass along price jumps unleashed by decontrol, and in Western Europe, the second-largest petroleum market, weak demand and a strong dollar made for disastrous margins.

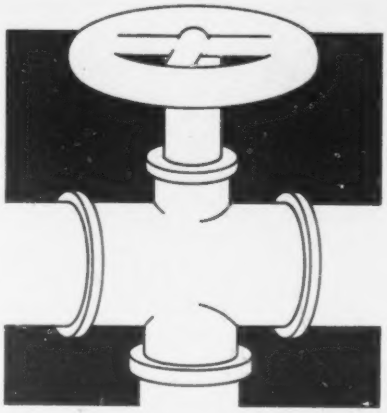
"We're coming into a shakeout period," says an oilman. "A tremendous amount of money has come into the industry, and it has hiked costs up out of proportion with reality. With the money crunch and the oil glut, a lot of the independent oil operators don't have the money to drill up all those lands they have accumulated."

Oil analyst Barry Good at Morgan Stanley calculates that the spread in Europe in June between the average OPEC price and the average product price came to *minus* 76 cents per barrel. After transportation, refining and distribution costs, refiners were losing around $4 per barrel.

By autumn falling oil prices began to plump up U.S. margins, and by the end of the year European refining operations were almost breaking even. As higher-than-normal crude oil and products inventories are worked off, the situation will further improve for the short term at least. Long term? "Nobody is ever, for the rest of time, going to need another refinery," says Good. In the U.S. alone, refiners need to shut down at least another 1 million barrels a day of their 18.6 million capacity.

How often do you hear talk of "oil crisis" these days? Almost never. Yet the oil crisis does remain very much with us and, for as far as the mind can see, OPEC is going to be the only beneficiary. ■

A large part of the solution to Reagan's budget deficit is right under his nose. The natural gas distribution industry is terrified he might take it.



Natural gas

By Carol E. Curtis

Eugene Luntey is an unlikely crusader. The amiable chairman of the American Gas Association speaks in an unemotional tone as befits a secure, successful executive, which he is: As president and chief executive of Brooklyn Union Gas Co., Luntey heads one of the country's biggest and best-run gas utilities.

But since taking the helm at AGA in 1981, Luntey has been in the thick of one of the industry's most heated controversies in years: natural gas decontrol. As AGA's chairman, Luntey represents gas pipelines and distribution companies, which oppose a speedup of decontrol, pitting them against the big oil companies, who produce two-thirds of the nation's gas and who are pressing for an immediate lifting of price controls for almost one-third of the nation's gas.

Under the Natural Gas Policy Act of 1978, the price of "new" gas—some 30% of total supplies—is being gradually decontrolled through 1985. "Old" gas, produced before 1977, will remain price-controlled.

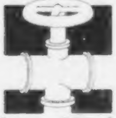
Oil companies want decontrol of new *and* old gas, with new-gas controls coming off at a faster pace than in the 1978 law. They say higher prices are needed to encourage more exploration and to increase conservation. They also object to the wide range of natural gas prices now in effect—ranging from 50 cents per thousand cubic feet (mcf) to $9.50. By decontrolling gas now, they say, the industry will also be able to avoid a big price jump when controls come off completely in three years and natural gas prices rise to the equivalent of oil.

The producers would benefit mightily. Under immediate decontrol, the value of natural gas reserves would rise by an estimated $2 per mcf. There are some 195 trillion cubic feet of proven reserves, so the value of gas in the ground would increase by $390 billion in one fell swoop.

Luntey doesn't want that because, he says, resulting higher prices would cause many big industrial gas consumers to switch back to oil, which is suddenly competitive again. The heat of battle has also made him something of a consumer advocate—with an ax to grind, nevertheless. Gas bills would become unacceptably high, he says: "It's just like making every mortgage in the U.S. equivalent to the price of new mortgages. The cost to the public would simply be too great."

Eugene Luntey, chairman of the American Gas Association

The greatest danger of all: an excess profits tax on natural gas?



The kicker in this is apparent to all: Immediate decontrol, if accompanied by a windfall profits tax, could add from $30 billion to $60 billion, by some estimates, to the federal treasury in the first year alone, wiping out much of the government budget deficit—now estimated at $109.1 billion for fiscal 1982—at a stroke.

Because of the political sensitivity, President Reagan put the issue aside in November when he decided not to send a White House decontrol proposal to Congress. But the prospect of all that tax revenue is what has Luntey worried.

"There is a clear temptation," he says, "to use an excess profits tax to solve the problem of the budget deficit. But that is the greatest danger of all, because it is an indirect tax on the consumer." And that, he says, is "a concept that is clearly un-American."

Whichever side prevails, the fight is likely to be waged this spring—after the high heating bills of winter, but months away from the November congressional elections. Between now and then, Luntey will be spending much of his time pushing the AGA's line in Washington and elsewhere.

The fact is, Luntey has plenty to be worried about. Like the nation's electric utilities, gas pipelines and utilities

Natural gas

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Producers & pipeliners												
Panhandle Eastern	19.9%	1	24.3%	0.9	11.4%	2	10.2%	8.0%	27.3%	3	13.5%	3
So Natural Resources	18.8	2	19.2	0.5	11.3	1	10.7	6.6	22.8	5	14.2	2
Texas Eastern	18.7	3	19.3	0.5	11.1	5	9.7	4.9	23.2	4	13.2	4
Transco Companies	18.7	3	20.3	1.2	8.5	7	7.6	3.8	27.4	2	15.7	1
ENSERCH	17.9	5	24.0	0.6	13.5	2	10.2	5.9	30.5	1	9.8	6
Texas Gas Transmn	17.6	6	21.9	0.6	12.1	6	9.7	4.7	20.4	6	12.1	5
Tenneco	16.9	7	16.4	0.7	9.3	4	9.9	5.1	18.0	8	7.6	7
El Paso	6.4	8	27.6	1.7	9.1	8	4.0	3.0	18.8	7	– 22.5	8
Medians	**18.3**		**21.1**	**0.7**	**11.2**		**9.8**	**5.0**	**23.0**		**12.7**	
Pipeliners & distributors												
Pioneer	32.9%	1	36.9%	0.4	22.0%	2	17.4%	9.6%	24.9%	4	25.2%	3
United Energy Resources	29.1	2	29.1	0.2	19.8	1	19.0	4.1	34.7	2	34.3	2
Houston Natural Gas	25.8	3	27.1	0.3	17.0	3	15.4	8.2	27.4	3	23.1	4
Arkla	19.2	4	22.4	0.5	11.0	5	10.0	7.5	20.6	8	11.0	7
InterNorth	18.6	5	19.1	0.7	10.0	4	10.2	6.5	20.6	9	12.9	6
Northwest Energy	18.0	6	19.5	0.5	10.8	6	9.2	5.4	24.0	5	13.2	5
Valero Energy	17.3	7	35.5	0.4	17.2	7	8.7	4.1	20.5	10	D–P	
Peoples Energy	14.6	8	13.7	0.7	8.2	8	8.1	4.6	23.8	6	6.8	8
Amer Natl Resources	13.8	9	14.5	0.9	7.1	10	7.3	5.4	20.8	7	3.3	10
Columbia Gas System	13.4	10	14.2	0.8	8.1	9	7.3	4.4	18.1	11	5.9	9
Centl Louisiana Energy	**		42.0	0.5	24.0		**	7.5	50.6‡‡	1	47.0‡‡	1
Medians	**18.3**		**22.4**	**0.5**	**11.0**		**9.6**	**5.4**	**23.8**		**13.1**	
Distributors												
Entex	28.2%	1	21.8%	0.8	11.3%	1	13.8%	4.4%	34.9%	1	27.2%	1
Oneok	20.9	2	19.9	0.8	10.6	2	11.3	4.3	29.5	2	15.3	2
Southern Union	19.9	3	20.3	0.6	9.0	3	10.4	3.1	26.0	3	11.4	4
NICOR	16.0	4	15.3	0.4	8.1	5	8.5	5.8	20.8	5	8.9	7
Minnesota Gas	15.5	5	14.2	0.6	9.4	4	9.4	3.7	21.1	4	7.5	11
Brooklyn Union Gas	14.1	6	15.5	0.7	9.3	6	8.2	5.2	18.2	10	8.7	8
Pacific Lighting	13.8	7	17.7	0.8	9.8	9	7.7	4.5	20.0	7	10.9	5
Consol Natural Gas	13.7	8	15.2	0.6	8.8	7	8.1	5.8	17.9	11	11.4	3
Laclede Gas	13.2	9	11.1	0.8	6.7	10	7.3	3.3	17.3	13	7.7	10
UGI	12.9	10	15.6	0.7	8.8	8	7.7	4.9	19.6	8	10.1	6
Atlanta Gas Light	11.8	11	9.0	0.8	5.6	12	6.6	1.7	20.2	6	8.1	9
WICOR	11.8	11	10.0	0.8	**		**	2.3	17.2	14	5.6	12
National Fuel Gas	11.3	13	14.0	0.8	8.3	11	7.2	3.7	17.1	15	5.2	13
Gas Service	10.4	14	8.5	0.9	5.6	13	6.2	1.6	17.6	12	3.6	15
No Indiana Pub Svc	9.6	15	9.8	0.9	5.5	15	5.4	6.0	19.5	9	– 4.8	16
Washington Gas Light	9.4	16	10.3	0.9	6.2	14	5.7	3.6	14.9	16	4.5	14
Medians	**13.5**		**14.7**	**0.8**	**8.8**		**7.7**	**4.0**	**19.6**		**8.4**	
Industry medians	**16.5**		**19.1**	**0.7**	**9.4**		**8.7**	**4.7**	**20.6**		**10.5**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡‡Three-year growth. D-P: deficit to profit; not ranked. **Not available; not ranked.

have been hit by a sag in demand growth. While close to a million residential customers have switched from oil to gas in the past two years, each household has been using less—meaning growth is flat. Overall, consumers are using only about 5% more gas now than they did a year ago.

Result: Even though regulators have recently been more responsive to requests for rate hikes, Wall Street doesn't think all that much of the future of gas utilities. Their stocks are selling at around 80% of book value, only 10% better than those of their ravaged cousins, the severely depressed electric utilities. One of Luntey's other top priorities, indeed, is trying to convince regulators to allow a still higher rate of return on equity. He feels that 5½% above the current 14% average maximum is needed to get stock values back up.

Immediate decontrol, if linked to a windfall profits tax, could add $30 billion to $60 billion to the federal treasury in the first year alone, wiping out much of the budget deficit.

Despite the shortage scare of the mid-1970s, Luntey believes the U.S. has enough gas to last indefinitely—providing it is willing to tap new sources. The U.S. now consumes 20 trillion cubic feet of gas a year. According to government estimates, reserves are being replaced at about 90% of that, meaning gas reserves are slowly being depleted. By some estimates, probable reserves could run out in 36 years.

Luntey says that besides being notoriously unreliable, such estimates fail to take into account vast quantities of methane gas from unconventional sources such as coal, biomass, shale, geopressured formations and other sources. If properly tapped, such sources could supply close to half of the country's total gas requirements by the year 2000, Luntey believes. "Natural gas is a finite resource," he says. "But methane is a forever source of energy. We are going to be living off methane for a very, very long time."

So why not decontrol gas now and create the motivation for intensive development of this potentially inexhaustible resource—as well as cut the federal deficit in half? Foolish question. When free enterprise beliefs conflict with their pocketbook interests, all too many businessmen forget all about the principle. ■

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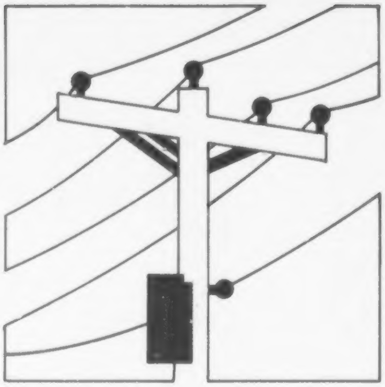
Electric utilities are now a no-growth industry. Who knows if they will ever be anything else?

Electric utilities



By Carol E. Curtis

RICHARD METZLER LIKES to tell about the utility executive who was asked how he was sleeping nights, given the industry's problems. "Like a baby," was the reply. "I sleep for two hours, then wake up and cry for two hours."

A utility consultant with Theodore Barry & Associates, Metzler has spent the last 11 years listening to the woes of utility executives and giving advice on how to deal with them. That advice now: "You can make a strong case that utilities have become a permanent no-growth industry."

Look at the numbers, says Metzler. In the early 1970s demand grew at an average rate of 7% a year. Now it's below 2%, and some utilities even show declines. According to the Edison Electric Institute, the industry trade association, the best that can be expected over the next decade is 3.6%, and if current trends persist, it could be much lower, possibly 1.6%, the EEI says.

Electric utilities rank near the bottom of American industry in profitability: Their average 11.8% return on equity is better only than such severely depressed industries as airlines and apparel. Their stocks are selling at an

Electric utilities

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Northeast												
Commonwealth Energy	13.4%	1	10.7%	0.7	5.6%	5	6.7%	3.8%	12.0%	12	6.8%	2
Long Island Lighting	13.4	2	13.8	0.7	9.0	1	8.1	15.3	15.0	1	2.6	9
New England Electric	13.4	2	14.6	0.9	6.8	9	6.5	6.9	11.7	13	6.8	2
Penn Power & Light	12.4	4	12.3	0.9	6.3	3	6.8	20.9	12.6	9	2.5	10
N Y State Elec & Gas	12.3	5	12.1	1.0	7.0	2	7.1	13.0	14.0	2	3.8	5
Consolidated Edison	11.8	6	13.5	0.7	7.5	6	6.6	9.0	10.0	14	9.9	1
Niagara Mohawk Power	11.6	7	13.2	0.9	7.5	4	6.7	9.8	13.6	5	2.7	8
Pub Svc Elec & Gas	11.3	8	10.2	0.8	5.9	10	6.3	7.7	13.2	6	3.8	5
Boston Edison	11.2	9	15.7	0.8	6.2	13	5.5	8.1	12.6	10	3.8	7
Delmarva Power & Lt	11.2	10	10.5	1.0	6.3	8	6.6	9.1	14.0	3	1.1	11
Rochester Gas & Elec	11.0	11	12.9	0.8	7.4	6	6.6	9.9	12.7	8	3.8	4
Phila Electric	10.2	12	11.4	1.0	6.2	11	5.8	11.0	13.0	7	0.2	12
Northeast Utilities	9.9	13	10.0	1.2	5.9	12	5.7	5.9	12.0	11	–2.1	13
General Public Utils	6.4	14	1.5	0.9	3.2	14	4.8	1.0	14.0	4	–8.4	14
Medians	**11.5**		**12.2**	**0.9**	**6.3**		**6.6**	**9.1**	**12.9**		**3.3**	
Midwest												
Indianapolis Pwr & Lt	14.2%	1	11.9%	0.8	6.2%	5	6.9%	14.2%	14.9%	14	5.1%	5
Public Service Indiana	14.2	1	12.2	0.8	6.2	1	7.2	19.2	15.8	8	5.6	2
Wisconsin Public Svc	13.5	3	12.8	0.7	6.0	6	6.9	7.8	15.3	11	7.1	1
Kansas Power & Light	13.0	4	13.2	0.7	6.8	8	6.8	12.6	17.3	5	4.5	7
No States Power	13.0	5	13.7	0.7	6.5	14	6.4	10.1	12.9	24	4.3	8
Wisconsin Pwr & Lt	13.0	6	14.6	0.8	7.0	10	6.7	9.1	15.8	9	5.6	3
Cincinnati G & E	12.8	7	11.3	1.0	6.5	3	7.0	9.5	15.1	12	4.0	9
Illinois Power	12.8	8	12.9	0.8	6.9	7	6.8	13.2	16.5	6	2.4	11
Cleveland Elec Illum	12.6	9	12.5	0.9	7.1	2	7.2	14.9	13.7	20	1.8	13
Consumers Power	11.9	10	12.6	0.9	6.2	17	6.2	9.7	13.4	22	4.9	6

Note: Explanation of Yardsticks calculations on page 51.

average of 70% of book value. Quite clearly, the industry is coping badly with the end of its growth era.

All this has brought the utilities a big credibility problem. After years of predicting brownouts, the opposite—excess capacity—has become the rule. Some utilities in the Midwest have reserve margins of as much as 40% or more. Nationwide the average is 30%. "You are really seeing a classic oversupply of a basic commodity," says Metzler. "We used to hear about the 'gas bubble.' Now there's an 'electricity bubble,' too."

Even after the recession and conservation have bottomed out, Metzler questions whether the old growth rates will ever return. The nation, he believes, is replacing its energy-intensive industrial output—basic industries such as steel and automobiles—with less energy-intensive industries such as electronics and health care. At the same time, Metzler points out, the nation's consumers are growing older—meaning fewer children and fewer new houses to consume electricity. The bottom line? For Metzler, a prospect that long-term growth rates will level off near the low end of the EEI's forecast, or 1.6% to 2% per year.

To be sure, not all utilities are doing poorly. In the booming Sunbelt, for example, Southwestern Public Service, El Paso Electric and Texas Utilities enjoy growth rates in the neighborhood of 4½%, with revenues and income rising at a healthy pace. But today even rapid growth can be a mixed blessing. The enormous risks associated with new construction, particularly of nuclear power plants, have created what Metzler sees as a "Catch-22" for those utilities able to justify construction: The new plant comes at such a heavy cost that building is often simply not worth the price. The numbers tell the story: Some 82,000 megawatts of capacity, 80% of it nuclear, have been canceled or deferred since 1975.

After years of predicting brownouts, the opposite—excess capacity—has become the rule. Some utilities in the Midwest have reserve margins of 40% or more. Nationwide the average is 30%, with long-term trends showing more of the same.

As a regulated monopoly whose rate of return is set by public utility commissions, utilities—no matter how hard-pressed financially—can always seek to recover losses through rate increases. The average return on common equity allowed by public utility commissions rose to 14.2% in 1980, up from 13.4% a year earlier. The speed with which rate hikes are approved has also increased, with the average time between filing and approval shrinking from 11½ months to 8¾ months. Where commissions have refused to grant the full amount of rate hikes, utilities are also showing an increasing willingness to resort to the courts to appeal rate cases.

Still, it is one thing to set a maximum return and another to achieve it. The gap between actual and allowed rates of return has widened, from 2.3% in 1975 to 2.8%.

One solution adopted by some of the utilities is diversification. Since 1980, the Securities & Exchange Com-

Electric utilities

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Union Electric	11.9%	**11**	11.3%	0.9	5.7%	**16**	6.2%	13.5%	13.5%	**21**	3.1%	**10**
Central Ill Pub Svc	11.8	**12**	11.0	0.8	5.8	**13**	6.4	10.8	16.5	**7**	1.2	**14**
Wisconsin Elec Power	11.8	**13**	11.3	0.8	5.9	**12**	6.6	8.2	13.7	**18**	5.2	**4**
Allegheny Power	11.6	**14**	13.9	1.0	7.3	**15**	6.3	8.3	15.5	**10**	0.8	**15**
Toledo Edison	11.5	**15**	11.3	0.9	7.3	**4**	7.0	18.0	17.5	**4**	–1.9	**21**
American Elec Power	11.0	**16**	10.6	1.2	6.2	**11**	6.6	8.2	17.9	**3**	–1.8	**20**
Dayton Power & Light	10.8	**17**	13.8	1.0	7.7	**9**	6.8	12.3	14.4	**16**	–0.8	**19**
Central Illinois Lt	10.7	**18**	12.1	0.7	5.5	**22**	5.5	8.1	17.9	**2**	0.1	**17**
Detroit Edison	10.3	**19**	11.9	1.0	6.0	**21**	5.8	11.7	13.0	**23**	2.4	**11**
Commonwealth Edison	10.3	**20**	11.7	1.0	6.2	**19**	5.8	12.1	13.7	**19**	–0.7	**18**
Ohio Edison	10.2	**21**	11.3	1.2	5.8	**18**	6.1	12.8	15.0	**13**	–3.5	**22**
Kansas City Pwr & Lt	10.2	**22**	10.0	0.9	4.7	**24**	5.4	12.6	14.6	**15**	0.2	**16**
Duquesne Light	9.7	**23**	11.2	0.9	6.0	**20**	5.8	13.0	14.1	**17**	–5.2	**24**
No Indiana Pub Svc	9.6	**24**	9.8	0.9	5.5	**23**	5.4	6.0	19.5	**1**	–4.8	**23**
Medians	**11.8**		**11.9**	**0.9**	**6.2**		**6.5**	**11.9**	**15.1**		**2.1**	
Southeast												
TECO Energy	15.2%	**1**	16.9%	0.7	7.3%	**2**	6.8%	8.1%	18.0%	**3**	8.6%	**2**
Duke Power	13.3	**2**	13.9	0.9	7.2	**1**	7.1	18.0	14.1	**11**	8.6	**1**
Florida Power	13.1	**3**	14.6	0.9	6.6	**8**	6.3	8.7	18.2	**2**	6.0	**4**
Florida Power & Lt	12.7	**4**	10.3	0.9	5.3	**7**	6.4	6.7	17.4	**5**	6.9	**3**
Middle South Utils	12.5	**5**	13.5	1.3	7.2	**5**	6.5	10.0	19.1	**1**	2.7	**9**
Carolina Pwr & Lt	12.3	**6**	13.7	0.9	6.8	**6**	6.5	16.0	15.9	**9**	2.9	**8**
So Carolina E & G	12.1	**7**	13.2	1.0	6.4	**9**	6.2	11.1	16.0	**8**	2.9	**7**
Baltimore Gas & Elec	11.7	**8**	12.4	0.9	6.8	**3**	6.7	11.1	13.0	**13**	3.3	**6**
Potomac Elec Power	11.7	**9**	12.4	0.9	6.7	**3**	6.7	10.9	13.8	**12**	4.0	**5**
Louisville Gas & Elec	11.2	**10**	14.1	0.8	6.6	**11**	6.0	10.2	16.1	**7**	0.9	**10**

Note: Explanation of Yardsticks calculations on page 51.

mission has received several utility requests to form holding companies—nearly all created for diversification. New business ventures embraced by the nation's investor-owned electric utilities include real estate (Public Service Co. of Colorado), appliance sales (Baltimore Gas & Electric), transportation (Iowa Power & Light) and fish farms (Public Service Electric & Gas Co. of New Jersey).

But the diversification game has a special risk for utilities that is not present in nonregulated businesses. Rate-setting commissions may choose to take the earnings of the successful nonutility enterprise into consideration when approving rate increases—meaning that the ratepayer, not the utility shareholder, would benefit via lower electricity bills. That has already happened at Montana Power Co., though the utility has appealed the decision. If other commissions follow suit, nonutility businesses could create as much of a problem as they were meant to solve.

Utility consultant Richard Metzler

An "electricity bubble" points up the long-term growth plight of utilities.

What then, if anything, could get utilities back on a growth track? Metzler slumps in his chair. He cites a study last year by the Electric Power Research Institute. It would take a 3½% annual growth in electricity use between now and 2000, says the study, just to maintain the present U.S. standard of living. That is 2% above current trends and more than the industry's own long-range forecasts. In short, if the EPRI and the industry are both right, Americans will not even use enough electricity to

Electric utilities

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Southern Company	10.8%	**11**	11.6%	1.1	5.7%	**12**	5.5%	8.0%	16.3%	**6**	–0.4%	**11**
Va Electric & Power	9.9	**12**	10.0	1.1	6.1	**10**	6.2	11.6	17.4	**4**	–0.8	**12**
Kentucky Utilities	8.2	**13**	8.6	0.9	5.7	**13**	5.3	8.2	15.0	**10**	–5.1	**13**
Medians	**12.1**		**13.2**	**0.9**	**6.6**		**6.4**	**10.2**	**16.1**		**2.9**	
Southwest												
Southwestern Pub Svc	18.5%	**1**	19.2%	1.0	8.3%	**1**	8.0%	12.0%	21.8%	**2**	7.4%	**2**
Central & South West	14.6	**2**	14.8	0.7	7.4	**5**	7.4	10.4	19.0	**6**	6.0	**4**
Houston Industries	14.1	**3**	13.6	0.8	7.2	**4**	7.6	7.3	28.4	**1**	7.5	**1**
Texas Utilities	14.0	**4**	16.2	0.9	8.3	**3**	7.7	13.5	19.7	**5**	6.1	**3**
Arizona Public Service	13.7	**5**	13.9	1.0	7.8	**2**	7.9	21.3	18.2	**7**	3.8	**5**
Gulf States Utils	12.5	**6**	14.3	1.1	7.3	**6**	6.4	12.0	20.6	**3**	3.0	**6**
Oklahoma Gas & Elec	10.9	**7**	10.9	0.9	6.0	**7**	6.0	8.8	19.8	**4**	–1.3	**7**
Medians	**14.0**		**14.3**	**0.9**	**7.4**		**7.6**	**12.0**	**19.8**		**6.0**	
West												
Pacific Pwr & Lt	12.2%	**1**	13.4%	1.2	7.0%	**5**	6.8%	13.4%	23.3%	**1**	2.2%	**4**
Southern Calif Edison	12.0	**2**	13.3	0.9	7.9	**3**	7.2	10.9	15.9	**9**	4.3	**2**
Pacific Gas & Elec	11.6	**3**	11.4	0.8	7.4	**1**	7.4	9.1	19.1	**8**	2.3	**3**
Utah Power & Light	11.4	**4**	13.7	0.8	7.9	**4**	7.1	18.7	23.1	**2**	1.2	**5**
Montana Power	11.2	**5**	13.9	0.8	8.0	**6**	6.7	11.5	20.6	**4**	0.5	**7**
San Diego Gas & Elec	11.2	**6**	14.1	0.9	8.5	**2**	7.4	9.3	20.7	**3**	1.2	**6**
Hawaiian Electric	10.7	**7**	10.3	0.8	6.0	**7**	6.0	4.5	19.4	**7**	5.4	**1**
Public Service Colo	10.0	**8**	12.7	0.9	6.9	**9**	5.9	7.9	19.6	**6**	–2.9	**8**
Portland Genl Elec	8.7	**9**	12.9	1.3	6.8	**8**	5.9	17.3	20.3	**5**	–6.8	**9**
Medians	**11.2**		**13.3**	**0.9**	**7.4**		**6.8**	**10.9**	**20.3**		**1.2**	
Industry medians	**11.8**		**12.6**	**0.9**	**6.6**		**6.6**	**10.4**	**15.8**		**2.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

maintain their current standard of living over the next two decades. "You always wanted your children to have more than you had," says Metzler. "But maybe it's time to think about the unthinkable possibility that they won't." If so, then electric utilities may be in for tough times for some time to come. ■

It never rains . . .

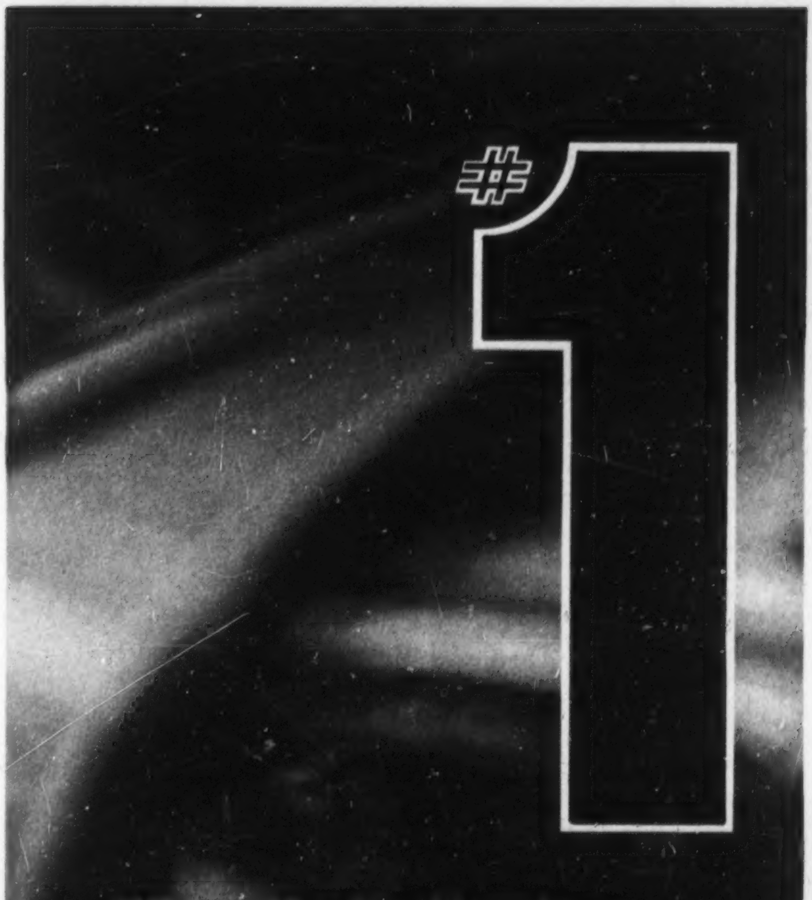
Interest rates are coming down and that's good for the utilities. Fuel costs are stabilizing and that's good, too. But now there's acid rain and that promises to be a terrible headache. "It's a very emotional issue," laments Frank Griffith, chairman of Iowa Public Service Co.

It's emotional in part because environmentalists know how to catch headlines with charges that the power industry is killing fish and upsetting the balance of nature.

The fact is that all rain has a certain acid content, but with the growth of auto usage and the spread of industrialization, the acid content tends to increase greatly. The problem is: How do you check it? You can't ban automobiles and power plants. Environmentalists are pressing Congress for an amendment to the Clean Air Act, which the Edison Electric Institute says could cost the industry $75 billion. The utilities don't have the money, so the public would have to pay through higher rates. But utilityman Griffith warns that the public might not get much for its $75 billion if Congress rushes into a law. "We just don't know enough yet about the subject," he says.

When Griffith calls it an emotional subject he's on the mark. One newspaper reported that acid rain is hardly a recent problem since acid ice is found in the Himalayas and Antarctica. A spokesman for the scientists who were supposed to have found the acid ice, however, said their findings were taken out of context.

From Canada, meanwhile, comes a steady barrage of complaints about clouds with American acid raining on Canada. But, the utilities suggest, Canadians may be less than candid about their real motives: They point out that it would be in the Canadians' interest to close down U.S. coal-burning plants to create a market for excess Canadian hydro power. Umbrellas, anyone?—**Laura Saunders**



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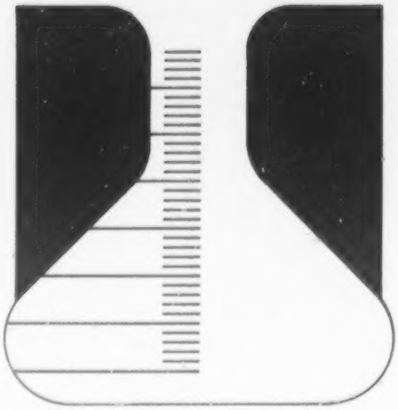
The biggest name in little computers

The chemical industry is hard at work looking for new frontiers—just as its old terrain threatens to become increasingly barren.



Chemicals

By William Baldwin

At Monsanto they're measuring parts-per-trillion impurities in silicon crystals. At Du Pont they're studying brain chemistry. Dow scientists are concocting new plastics from old, overlooked raw materials like ethyloxazoline.

What's going on? Very simply, after a generation of skimping on research and development, chemicals are becoming an industry of search and discovery once more.

From 1960 to 1980, R&D spending by U.S. chemical companies fell from 3.8% of sales to 2.3%. Now that proportion is climbing again. Monsanto's R&D budget increased from $136 million in 1978 to $229 million in 1981 and will be perhaps $260 million this year. E.I. Du Pont, historically the leader in research, is betting heavily on "life sciences," which means everything from weed killers to antiviral drugs. Du Pont's spending on life science research this year will be something like $160 million, up about 75% from 1980, out of a 1982 research and development budget that will approach $750 million, including Conoco's share.

The timing is logical. If the Saudis want to work downstream from their oil, grabbing a big chunk of the petrochemicals market, let them have it. Bulk chemicals were never very profitable anyway—the nicest margins come from high-tech chemicals, often crossing the line into pharmaceuticals, like the preservatives, laboratory chemicals and radiopharmaceuticals Mallinckrodt specializes in. Even Stauffer, a classic commodities company that makes sulfuric acid and soda ash, nowadays wants to be called a "broad-based specialties" chemical company. Its R&D spending is up from $44.3 million in 1980 to a budgeted $60 million in 1982.

D. William McDonald, a Ph.D. organic chemist and futurist at Monsanto, sees another reason for the research frenzy. "In the 1970s the chemical industry was hit hard on two fronts. One was environmental regulation, forcing the industry to spend hundreds of millions of dollars in research and capital. The second was the energy crunch. Modifying processes to use less energy consumed a lot of technical manpower and capital." Those tasks, he says, are now largely accomplished.

Make no mistake, the chemical companies know what the stakes are. If computers will be the world's biggest industry by the turn of the century, chemical technology could be right up there among contenders for the mega-industries, crossing over the fields of medicine, energy and food production. In fact, the computer industry itself has a big stake already in such "chemicals" as wafer silicon. Monsanto, which claims to be a world

Melting down polysilicon at Monsanto for semiconductor chips

From one future mega-industry to another?

leader in wafer production, has a research staff of 150 just for silicon and other electronic products. The profit potential is enormous: Wafers account for perhaps 5% of the cost of finished computer chips, says silicon research manager Harold Korb, yet the chips have a reject rate of up to 50%—partly because of impurities that creep in during chipmaking.

Using ion detectors that can count single atoms, Korb's scientists are deliberately planting oxygen impurities on the inside of the wafer in the hope that they will scavenge the mischievous atoms of metal contaminants floating around in the chip furnace. That would leave the top side of the silicon computer chip, where all the action takes place, crystal clean.

At Dow Chemical, R&D outlays in 1982 will approach $470 million, with some of that increase representing the inclusion of the recently acquired prescription drug business of Richardson-Merrell. That means research and development is taking close to 3.4% of each Dow sales dollar. Doesn't sound like much compared with 6% at IBM, but that percentage represents a $150 million increase from 1980 when R&D ran to 3% of sales.

Says David P. Sheetz, head of domestic R&D for Dow: "We've become heavily committed to areas that are more research-intensive than mainline chemicals. We will of necessity have to put a higher percentage of the sales dollar into research." Sheetz sees two wide-open frontiers for chemical technology research from now to the turn of the century: genetic engineering in the life sciences and organic catalysts for industry. Catalysts—those "bystander" compounds that bring about chemical reactions without being consumed themselves—are critical to petrochemicals, plastics and pesticides. Organic catalysts—enzymes—come from living organisms. Someday, says Sheetz, chemists may be routinely synthesizing large complex catalysts that work better than natural ones.

Trying it with Tribble

At Du Pont's laboratories in Wilmington, Del., R&D doesn't just mean beakers and retorts. It's also color-coded, three-dimensional molecules dancing across television screens. Here, two leading edges of technology intersect as scientists employ computers to extend the frontiers of biochemistry.

Du Pont scientists have a computer program called Tribble (named after the furry creature on *Star Trek*) that communicates with users in "friendly" language—"it practically comes up and licks you in the face," says David A. Pensak, a 33-year-old mathematician and chemist.

Tribble's 2-million-line program allows scientists like William C. Ripka, 42, a pharmacologist, to study the pain-quenching "opiate receptors" of the brain. His goal: designing a drug that will plug into the receptors, hoped to be as powerful as opium yet not addictive. Ripka is basing his work on the recent discovery that the brain has its own natural chemicals—called enkephalins—that fit those receptors. Similarly, he says, "the basis of drug action is often the interaction of a small molecule like morphine with the larger receptor." Enkephalins aren't useful as drugs because they would crumble apart in the body before reaching the brain. Morphine is addictive. Both, however, provide clues.

Tribble speeds the search at various steps. It uses the equations of quantum physics to predict the size, shape and habits of the smaller molecules. In dealing with the much more complex and only dimly understood receptors, it tries to make a sketch based on their affinity for various small compounds. "It's like trying to predict how beautiful a woman is by looking at all the men she goes out with," says Pensak. Enkephalins, receptors, giant computer programs—they're far afield from the petrochemicals one expects of a Du Pont. But this kind of research may be paying royalties long after Conoco's last well runs dry.—**W.B.**

Chemicals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Diversified												
Dow Chemical	19.3%	**1**	14.7%	0.7	8.9%	**3**	11.7%	5.7%	16.4%	**3**	8.5%	**7**
Diamond Shamrock	18.0	**2**	8.0	0.6	5.5	**5**	10.8	3.0	20.6	**1**	5.5	**12**
Stauffer Chemical	18.0	**3**	17.9	0.3	12.5	**2**	12.3	9.5	13.2	**6**	11.5	**5**
E I du Pont	16.6	**4**	15.8	0.2	13.3	**1**	12.8	5.3	14.0	**5**	12.6	**3**
Morton-Norwich	15.6	**5**	16.4	0.3	11.9	**4**	11.4	5.7	10.2	**15**	20.2	**1**
W R Grace	15.3	**6**	19.3	0.6	12.0	**6**	10.6	5.4	10.7	**14**	7.9	**8**
Union Carbide	13.9	**7**	13.7	0.3	9.8	**8**	9.8	6.3	12.7	**7**	6.0	**11**
Celanese	13.1	**8**	13.3	0.5	9.4	**12**	8.9	4.0	11.2	**10**	11.6	**4**
Hercules	13.0	**9**	12.2	0.3	9.3	**7**	10.0	4.7	11.0	**12**	7.0	**9**
Pennwalt	13.0	**10**	9.0	0.4	6.9	**11**	9.3	3.0	11.1	**11**	9.9	**6**

Note: Explanation of Yardsticks calculations on page 51.

Du Pont's R&D budget is reviving after a decade in which it dwindled from 6.6% of sales to 3.3% in 1979. It's not that the company had become disillusioned with the payoffs from science. In the past 20 years, Du Pont researchers have put 80 new products on the market; in 1980 those innovations generated 25% of sales and 35% of earnings. But through most of the 1970s the company was struggling with a desperate overcapacity in its mainline fibers business.

It was Du Pont, after all, that invented basic research at the industrial level. Until 60 years ago the company was just a gunpowder maker. Flush with profits from World War I, it expanded its research laboratory and hired away a brilliant organic chemist from Harvard, Wallace Carothers. His inquiries into how small molecules combine to form long chains led to the introduction of nylon in 1938, indirectly to the earlier discovery of neoprene synthetic rubber, and later to today's polyester and Teflon products.

Du Pont, then, is returning to its history. Its scientists are probing on such frontiers as quantum chemistry, optical crystals, virology and immunology. Du Pont neurobiologists are studying brain chemistry—research you might expect from a medical institution. Why? Because Du Pont already has a patent on one of the few antiviral drugs, amantadine; and its brain-chemistry studies may lead to commercially valuable painkillers *(see box, p. 114)*.

Other projects will pay off only in decades—or perhaps never. Du Pont has been working on interferon—genetic-engineering cancer treatment—since 1971 without getting close to commercialization. It's clear, though, that more and more of Du Pont's business will relate to biochemistry. Life sciences—drugs, medical instruments and weed and bug killers—already account for $1.5 billion in annual sales, or about 10% pre-Conoco.

What's happening in chemistry is part of a larger trend that includes a revived popularity of science on campuses, an explosion of venture-capital investment, and the enactment last summer of a 25% federal tax credit for increases in R&D spending. Chemistry accounts for a sixth of the $34 billion spent annually on industrial research, and it may get a larger share of future dollars. "Look at some of the major social problems—the cost of materials and the cost of energy," says Dow's Sheetz. "When you look around for ways to solve those problems, you come back to chemistry as a major tool."

The future will not wait. "NCR damn near went under because they were slow in converting from electromechanical to electronic cash registers," reflects Bill McDonald, the long-range R&D planner at Monsanto. "It's not only a matter of improving your profits 10% a year to keep the investment analysts happy. It's a matter of corporate survival." ■

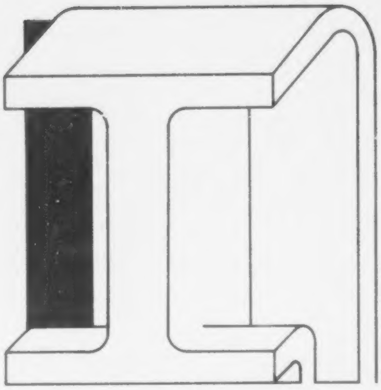
Chemicals

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Rohm & Haas	12.8%	**11**	12.9%	0.3	10.1%	**10**	9.7%	4.8%	10.9%	**13**	13.6%	**2**
American Cyanamid	12.7	**12**	12.5	0.4	9.6	**9**	9.7	4.9	12.3	**9**	4.0	**13**
Allied Corp	12.6	**13**	20.6	0.4	12.6	**13**	8.2	6.0	16.5	**2**	6.8	**10**
Monsanto	10.8	**14**	10.8	0.4	7.6	**14**	7.9	4.6	12.6	**8**	–0.5	**14**
Reichhold Chemicals	7.5	**15**	9.8	0.4	7.2	**15**	6.2	2.1	15.8	**4**	–4.7	**15**
Medians	**13.1**		**13.3**	**0.4**	**9.6**		**9.8**	**4.9**	**12.6**		**7.9**	
Specialized												
Lubrizol	25.8%	**1**	17.8%	0.0	15.9%	**2**	23.9%	8.5%	15.9%	**5**	15.4%	**8**
Nalco Chemical	25.5	**2**	25.9	0.0	25.2	**1**	24.7	12.3	14.8	**9**	15.6	**7**
Sun Chemical	24.0	**3**	19.9	1.0	11.6	**5**	14.9	5.5	13.5	**11**	42.0	**1**
Freeport McMoran	23.5	**4**	30.9	0.3	19.1	**3**	16.9	21.1	17.2	**3**	18.1	**5**
Cabot	22.8	**5**	21.2	0.4	14.6	**4**	15.0	6.8	24.1	**2**	37.8	**2**
Dexter	19.2	**6**	16.4	0.4	11.4	**6**	14.3	4.7	27.6	**1**	18.3	**4**
Air Prods & Chems	19.2	**7**	18.9	0.5	10.0	**12**	11.1	8.0	17.0	**4**	19.0	**3**
Mallinckrodt	18.5	**8**	15.4	0.2	13.0	**7**	14.0	8.1	15.1	**8**	15.6	**6**
Intl Minerals & Chem	17.9	**9**	16.6	0.5	11.0	**10**	12.1	7.7	12.1	**14**	8.4	**12**
Thiokol	17.8	**10**	14.8	0.0	11.7	**8**	13.1	4.9	13.1	**13**	15.2	**9**
Witco Chemical	17.5	**11**	14.0	0.5	9.1	**11**	11.9	2.9	15.8	**6**	13.3	**10**
Ethyl	16.7	**12**	13.4	0.3	9.6	**13**	10.8	5.1	11.7	**15**	8.6	**11**
Ferro	14.5	**13**	9.2	0.3	7.8	**9**	12.8	2.9	14.5	**10**	7.2	**13**
Liquid Air	14.1	**14**	13.2	0.4	9.3	**14**	10.3	7.0	13.2	**12**	6.6	**14**
Williams Companies	10.8	**15**	14.2	0.6	8.4	**15**	6.7	6.6	15.7	**7**	–0.8	**15**
Akzona	4.8	**16**	4.6	0.7	3.8	**16**	4.0	1.2	7.5	**16**	–6.8	**16**
Medians	**18.2**		**15.9**	**0.4**	**11.2**		**13.0**	**6.7**	**15.0**		**15.3**	
Industry medians	**16.6**		**14.7**	**0.4**	**10.0**		**11.1**	**5.4**	**13.5**		**9.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

Poignant it may be—unsettling, even. But it's hard to fault the logic of the drive to diversify what was once America's mightiest industry.



Steel

By Jeff Blyskal

REMEMBER THE OLD SAW about the fellow who never could get his leaky roof fixed? When it was raining, he didn't want to go up there. When it wasn't raining, he didn't have to. For years, diversification of the U.S. steel industry was something like that. When steel was in the dumps, who could afford to diversify? When it was booming, who would want to?

No more. Much of the steel industry seems to have made up its mind—diversify. Consider:

- Even without Marathon Oil, U.S. Steel will still get nearly one-third of its revenues and 30% of its pretax profits this year from nonsteel products. With Marathon, fully 51% of sales and 83% of profits would come from operations such as oil drilling and refining and agricultural chemicals—not from the steel business.
- Of the other nine basic steel companies listed in the tables, Armco and LTV are already well diversified; Kaiser has announced it is getting out of steel production; and National and Republic are moving away from steel. Is this the end of an era, a watershed for what was once the mightiest industry in America?

Perhaps, but the leaky-roof syndrome still prevails with some companies, of course. Take $614 million (revenues) McLouth Steel, heavily dependent on sales to the automobile industry and with nearly 90% of its business in steel. Why hasn't McLouth diversified? Even if it had wanted to, says a spokesman, "the financial situation precludes anything major." Result: McLough filed for protection under Chapter 11 of the bankruptcy laws in early December.

But other companies look at the matter differently. National Steel has moved into the savings and loan business with the acquisition of $3 billion (assets) United Financial Corp. of California, New York's $2.6 billion (assets) West Side Federal and Florida's $1.3 billion (assets) Washington Savings & Loan (FORBES, Oct. 26, 1981). Cleveland-based Republic Steel, for years one of the least-diversified big steel companies, has formed a joint venture with Gulf Oil to develop Republic's 180-million-ton coal properties in Alabama. Republic also got into the property and casualty insurance business with a British partner, Hogg Robinson Group Ltd. Smaller ($376 million revenues) Lukens Steel is even looking for an acquisition outside the steel business.

The numbers tell why: Of the big (over $1 billion sales) nonspecialty steel producers, Armco, one of the most diversified steelmakers, is at the top in five-year profitability with a 13.1% return on equity. (Overall in the industry, of course, nine of the top ten

Steel

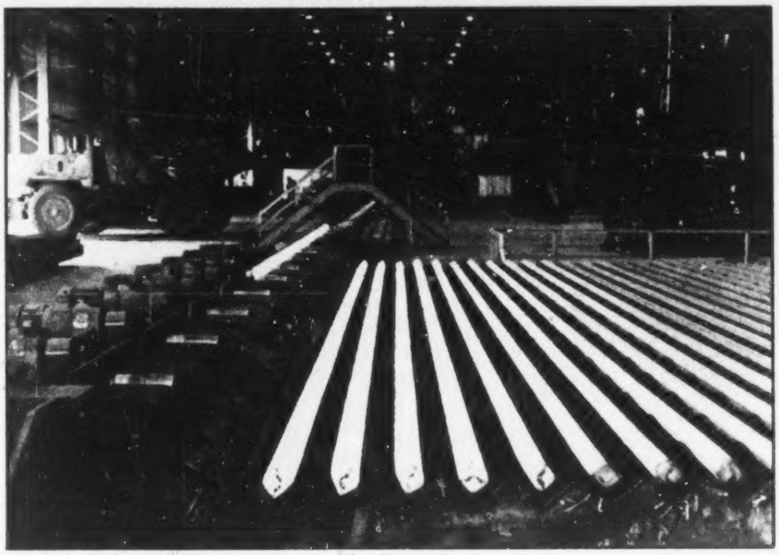
Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Worthington Inds	33.7%	1	26.6%	0.7	16.9%	**2**	21.8%	5.3%	28.7%	**2**	30.7%	**2**
Nucor	31.8	2	18.2	0.2	15.2	**1**	23.4	6.2	24.5	**3**	31.1	**1**
Carpenter Technology	19.4	3	17.8	0.0	16.4	**3**	17.8	8.2	14.2	**5**	19.8	**3**
Athlone Industries	18.8	4	24.7	1.3	13.6	**10**	10.0	4.4	5.3	**26**	11.3	**8**
Earle M Jorgensen	18.4	5	19.7	0.2	16.7	**4**	15.6	6.8	11.2	**10**	14.4	**6**
Colt Industries	17.9	6	17.4	0.4	12.2	**8**	11.9	5.1	14.7	**4**	11.6	**7**
Central Steel & Wire	15.7	7	19.3	0.0	19.5	**5**	15.5	4.3	11.0	**11**	14.6	**5**
Crane	15.5	8	13.2	0.8	9.0	**12**	9.5	3.1	6.6	**23**	6.4	**12**
Copperweld	14.7	9	21.8	0.3	15.5	**9**	10.8	6.1	11.9	**8**	4.9	**13**
NVF	14.4	**10**	11.6	1.9	8.1	**7**	11.9	3.1	12.4	**7**	9.5	**10**

Note: Explanation of Yardsticks calculations on page 51.

T five-year profitability slots in the tables are held by producers in the extremely lucrative specialty steel business, as distinguished from basic steel.) And the only reason U.S. Steel was number 21 in five-year profitability was that it took a massive writedown of closed steel facilities in 1979. Big Steel's 1981 return on equity, however, was 21.9%. FORBES did not rank LTV this year because of a lack of restated information due to its sizable nonsteel spinoff.

Armco has been diversifying for over ten years. "Our planning simply indicated we would not be able to achieve the return to the stockholders we had hoped for with all of our assets in the steel business," says CEO Harry Holiday. Basic steel is now only 36% of Armco's sales, and Holiday's goal is to reduce that even further to 28% by 1984. While some of Armco's other divisions, such as specialty metals and oilfield equipment and production, are steel-related, their strong links to the oil and aerospace businesses set their cycles off from that of steel. The payoff: When Armco's basic steel operating earnings collapsed, from $114 million in 1979 to $43 million in 1980, corporate net was up 5%.



Newly rolled steel billets at an Armco facility in Kansas City
Is this where the future still lies?

It took a long time, says Holiday, for Armco to decide to take the plunge back in 1971. "We had to get the management to recognize it had the capability to run something outside the steel business," he says. "But we have really broken out of the steel-expenditure syndrome over the past five years."

In fact, why would any steel company *not* be diversifying as fast as it can? Talk to steel believer Donald Trautlein, the 55-year-old chairman of Bethlehem: "There's no reason steel shouldn't be profitable with the investments we have made. I don't mind seven lean years as long as we get seven fat ones. But every time there's a good steel market, we've been either under price control or jawboned down."

Backing up his faith in the future, Trautlein is spending $750 million on

Steel

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Armco	13.1%	**11**	14.1%	0.2	10.6%	**11**	9.8%	4.2%	13.1%	**6**	10.0%	**9**
Northwestern Steel	12.3	**12**	10.8	0.0	10.6	**6**	12.2	6.0	9.5	**17**	2.0	**15**
Kaiser Steel	12.1	**13**	9.5	0.4	7.4	**13**	8.3	6.2	7.9	**21**	7.9	**11**
Cyclops	11.0	**14**	16.2	0.5	11.7	**14**	8.2	2.5	10.7	**12**	15.7	**4**
National-Standard	8.8	**15**	1.0	0.2	1.3	**16**	7.0	0.4	8.9	**19**	1.3	**16**
Interlake	8.6	**16**	16.1	0.4	12.1	**15**	7.3	5.2	11.6	**9**	–1.9	**20**
Inland Steel	8.4	**17**	7.0	0.6	4.6	**18**	6.1	2.4	10.2	**15**	–1.3	**19**
Lukens Steel	7.6	**18**	8.1	0.2	6.7	**17**	6.4	2.7	8.0	**20**	0.3	**17**
Republic Steel	7.4	**19**	13.6	0.4	9.0	**19**	5.5	4.6	10.5	**13**	3.8	**14**
National Steel	6.9	**20**	5.9	0.5	3.9	**21**	5.0	2.1	10.3	**14**	–1.3	**18**
United States Steel	6.3	**21**	21.9	0.4	15.2	**20**	5.2	8.3	9.4	**18**	–6.4	**21**
Wheeling-Pitts Steel	3.9	**22**	4.6	0.7	3.6	**23**	3.6	1.6	6.4	**24**	–9.3	**22**
Bethlehem Steel	3.8	**23**	9.0	0.4	7.4	**22**	3.8	3.2	7.5	**22**	–17.8	**23**
Keystone Consolidated	0.3	**24**	5.2	0.5	4.7	**24**	1.6	1.4	5.8	**25**	–49.4	**24**
McLouth Steel	def	**25**	def	1.2	def	**25**	def	def	9.9	**16**	P–D	**25**
LTV	**		45.3	1.9	19.4		**	4.9	30.7‡‡	**1**	D–P	
Industry medians	**12.1**		**13.9**	**0.4**	**10.6**		**8.3**	**4.4**	**10.4**		**4.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡‡Three-year growth. P-D: profit to deficit. D-P: deficit to profit; not ranked. def: deficit. **Not available; not ranked.

modernizing and upgrading his steel facilities over the next five years. Bethlehem already is one of the purest steel plays; about 70% of its revenues comes from basic steel, and if you add manufacturing of box cars, forgings, wire rope and industrial fasteners, some 90% of sales is closely linked to the steel cycle.

Because of that, points out Paine Webber aluminum and steel analyst Peter Marcus, Bethlehem's profits are subject to wild movement. "Each 3% swing in steel's price/cost margin affects earnings by $2.75 per share," he says. And there are more swings down than up; Bethlehem's net margins have been falling for the past 20 years now, from 6% in 1961, to below 2% in 1980.

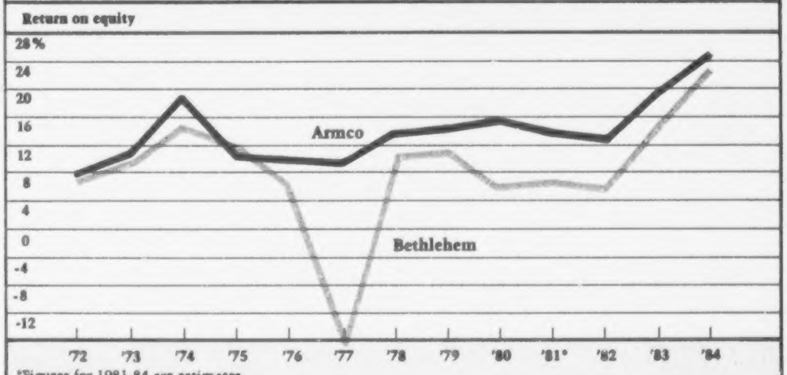
So why does Trautlein stick with it? He thinks the Reagan Administration's economics are on the right track, and sooner or later pent-up demand for capital equipment will explode. "If and when capital spending picks up," he says, "we should be well positioned for it." Obviously, Bethlehem can't spend three-quarters of a billion dollars on steel mills *and* spend big to diversify. Says Trautlein: "We've made a decision to improve our position in steel before possibly looking elsewhere. Right now we have a scenario that plays out with business conditions being good for steel." But even he hedges a little: "If that doesn't happen, you have to change your strategy."

Cyclicality dictates some good years to come. In fact, Trautlein and Holiday both see a pickup this summer. Marcus believes 1984 or 1985 should be a shortage-of-capacity year in which there will be a steel earnings "explosion." But, Bethlehem's return on equity, even in the explosion year of 1984, could still be below diversified Armco's *(see chart)*.

You pay your money and make your choice. Bethlehem is betting—for now—on a future in which steel's survivors, with their modernized energy-efficient plants, will gain market share spectacularly at the expense of today's fainthearted. Armco's Holiday is saying steel may *never* be what it once was. By their actions, a good many of Holiday's colleagues are saying they agree with him. ■

A tale of two strategies

Which is the wiser strategy—Armco's diversification or Bethlehem Steel's steadfast dedication to basic steel? Historically, Armco's return on equity has been better than Bethlehem's even in the steel boom year of 1974, and the spread has widened. The real rewards of diversification, of course, come in the off years, when steel earnings fall. But Bethlehem is looking ahead, toward the good years. What will happen then? Even if 1984 is indeed a boom year, Armco could still outpace Bethlehem in ROE, based on earnings estimates of analyst Peter Marcus.



*Figures for 1981-84 are estimates.
Source: Paine Webber, Standard & Poor's, Forbes

A blooming optimist

Most analysts are predicting better times for steel, but few forecast a boom. Except for Paine Webber metal analyst Peter Marcus, who believes there will be a steel shortage in the mid-1980s, with earnings of major U.S. companies doubling or trebling.

Of course, there's more to Marcus' projections than that, for which he refers you to his monthly *World Steel Dynamics* report (subscriptions cost $4,500 per year). The shortage will not come, says Marcus, until a U.S. economic recovery pulls up the economies of the West and world steel output rises to 520 to 540 million tons per year—about 18% higher than today's levels—or roughly 94% of capacity.

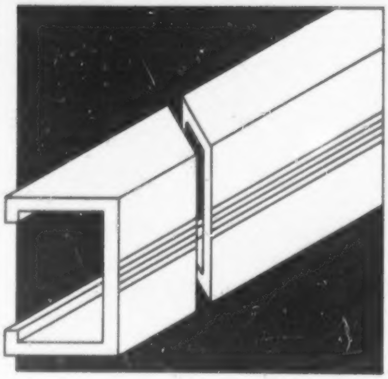
But, that's only part of the story, Marcus says. The rest of the equation is that capacity is not rising: "The [capital] funds flowing to the developed world's steel industry are no longer adequate to maintain steel-making capacity."

Paine Webber's Peter Marcus
More than a recovery—a boom.

For now, Marcus is bearish on the steel stocks. But the long-term outlook is something else. He sees Bethlehem earning $16.50 a share in 1984 (compared with an estimated $4.50 in 1981), U.S. Steel $15 (*vs.* $12), Armco $11.75 (*vs.* $4.80) and Inland $17.50 (*vs.* $3.25). Republic's earnings could nearly triple to $22 a share, and National should make $22.50, Marcus says.

But even an enthusiastic bull like Marcus (who seems to be almost an aluminum/steel industry obsessive, from the acres of statistics he generates and analyzes right down to his business cards, which are stamped out of sheet aluminum) predicts that sooner or later almost every U.S. steel company will diversify. Says Marcus: "The industry seems to need successful nonsteel businesses to contribute to the flow of capital to its steel businesses."—**Jeff Blyskal**

Those who ignore history are doomed to repeat it. The big metal mining companies keep ignoring it, so they keep repeating it.



Nonferrous metals

By Howard Rudnitsky

WHATEVER HAPPENED to the "golden age"? Whatever happened to "strategic" metals as an inflation hedge? Whatever happened to "long-term shortages"?

Gone, alas. And those dismal 1981 earnings for producers of nonferrous metals—most of them down 30% to 60% from 1980—may not be the bottom. "In 1980 many people forgot that these are cyclical industries," says George Cleaver, nonferrous metals analyst at Merrill Lynch. "They were reminded in 1981. And for many companies 1982 will be worse."

Even giant Inco last year had its first quarterly loss in almost 50 years—and will lose money in 1981 as a whole. Contrast that with 1980, when Inco earned $219 million. Or take Asarco, which gets most of its earnings from copper and silver. Wall Street fears it may have to cut its $1.40 dividend. And Amax' harried chairman, Pierre Gousseland, has deferred two costly molybdenum projects, but other metals companies still have a 35% increase in molybdenum capacity coming on stream shortly. This at a time when the price of molybdenum has fallen from its mid-1980 high of over $10 a pound to as low as $5 in certain contracts.

In fact, only diversified companies such as Boston-based Cabot Corp., with its thriving energy business, and a few others, either diversified or more heavily in markets with strong demand, may get through 1982 relatively unscathed.

What happened? "The same thing that happened in 1973 and 1974, which was no different from what happened four years before that," says Cleaver. "History does repeat. Not exactly, but approximately." He means that mining is what it's always been:

Nonferrous metals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Cabot	22.8%	1	21.2%	0.4	14.6%	2	15.0%	6.8%	24.1%	2	37.8%	1
Handy & Harman	21.7	2	21.1	0.5	14.7	3	14.4	3.6	11.9	11	16.0	7
Alcan Aluminium	20.7	3	14.7	0.3	9.9	4	13.5	7.1	14.8	6	34.8	2
Engelhard	19.7	4	20.0	0.1	18.0	1	17.6	2.8	38.7‡‡	1	18.3‡‡	5
Kaiser Alum & Chem	17.7	5	13.6	0.4	9.1	11	10.3	5.7	13.7	8	24.4	4
Alcoa	17.0	6	12.6	0.3	9.4	6	11.5	7.1	13.7	7	24.5	3
Newmont Mining	14.6	7	11.6	0.1	9.0	9	10.4	12.1	10.5	13	7.0	10
NVF	14.4	8	11.6	1.9	8.1	5	11.9	3.1	12.4	10	9.5	9
AMAX	13.8	9	11.4	0.5	8.6	7	10.5	10.8	16.4	4	9.5	8
Reynolds Metals	13.1	10	10.8	0.6	6.8	13	7.7	3.9	13.5	9	18.1	6
Commercial Metals	13.0	11	11.3	0.2	9.4	8	10.4	0.8	18.4	3	2.8	13
Revere Copper	12.6	12	9.5	0.8	6.9	14	6.9	2.4	9.2	14	D–P	
Hanna Mining	11.6	13	12.5	0.1	10.9	10	10.3	16.6	4.9	17	5.4	12
ASARCO	10.7	14	4.2	0.2	3.9	12	8.7	4.0	6.2	16	6.6	11
Phelps Dodge	6.6	15	7.9	0.5	5.8	15	5.1	6.0	6.5	15	–4.8	14
Inco	6.4	16	2.8	0.5	3.6	16	4.6	2.7	10.7	12	–13.1	15
Gulf Resources & Chem	def	17	def	1.2	def	17	2.9	def	15.1	5	P–D	16
Industry medians	**13.8**		**11.6**	**0.4**	**9.0**		**10.4**	**4.0**	**13.5**		**9.5**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

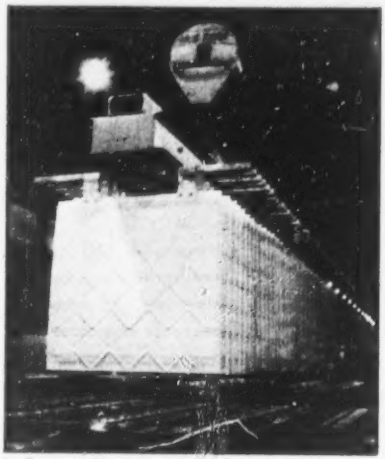
Note: Explanation of Yardsticks calculations on page 51.
‡‡Three-year growth. P-D: profit to deficit. D-P: deficit to profit; not ranked. def: deficit.

an industry with high fixed costs and tremendous leverage, both up and down. When demand is strong and prices soar, the companies make a fortune. When demand is weak and prices fall below those high fixed costs, everybody takes a bath.

Inflation has pushed those costs higher than ever. A new copper or molybdenum mine costs nearly $2 billion to develop these days. Think of it: You need a gross profit of $300 million a year just to cover the interest on a billion dollars. That's the other side of inflation, forgotten in the inflation-hedge mania.

Here's an irony: The aluminum companies fared almost as badly as the mining companies and worse than the steel industry. Aluminum was the industry that was crowing a couple of years ago that it had coped with overcapacity. After all, didn't aluminum serve growing markets such as containers, aerospace, construction and transportation?

Trouble was, high interest rates almost destroyed the transportation and construction industries last year while, at the same time, the industries' costs kept rising. Hydro-power costs affecting nearly one-third of domestic production in this energy-intensive industry rose by nearly 150% when the Bonneville Power Administration in Snohomish, Wash. raised its rates (Bonneville is scheduled to put through additional increases in 1982). Wages went up and interest costs mounted sharply, largely because of the growth in inventories, which late in 1981 were close to 3 million tons—about 40% above what they should be.



Refinery plant processing copper
Down again, but this time not out?

In 1975 it was different. Then copper was about the sickest of all, with 1.5 million tons overhanging the world market and prices down to 64 cents per pound. It's better this time; even with copper selling at 80 cents per pound—down over 50 cents from its 1980 high—"inventories are in pretty good shape," says Jack Thompson, president of Newmont Mining. And as Asarco President Ralph Hennebach points out: "In 1975 the overhang was 2 times as large as it is today."

But better than 1975 does not mean good. This time, some of the mining companies—in copper and other metals—are weakened financially, locked into big spending programs for modernization and pollution control. That's nice if you earn a decent return, not so nice if you don't.

What's ahead? Cleaver, a superbear, sees four solid years of hard times. Many of his Wall Street colleagues are more optimistic; cautiously so, however. They predict an upturn by the end of 1982, especially for copper. There are a couple of small bright spots even now. One is the Reagan tax program. "It couldn't have come at a more appropriate time," says Asarco's Hennebach, who promptly used it to negotiate the sale of $32 million in investment credits. Another hopeful sign: Reynolds estimates the aluminum industry has cut back a lot of high-cost plants and will reduce operating capacity rates. Industry analysts think they can get close to 70% of capacity this year, compared with well over 80% last summer.

In fact, Alcoa Chairman W. Krome George contends that the aluminum oversupply situation is temporary, related only to the recession. Long-term demand growth, says George, is around 3%. Sooner or later, "We will see more of a balance between supply and demand." That could happen sooner for Alcoa, since it is less dependent on troubled construction and

Aluminum alchemy

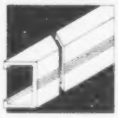
Not long ago, aluminum can recycling seemed as much a public relations gimmick as anything else. No more. In 1981 the aluminum industry paid over $200 million for an estimated 900 million pounds of beer and soft-drink cans returned by consumers to more than 5,000 redemption centers. In the conversion process the aluminum industry also incurs recycling, energy and other costs. The industry is loathe to disclose those costs, saying they are too complex and proprietary. But industry analysts say they aren't overly large in relation to the estimated $600 million-plus of new aluminum made from the scrap.

Why is recycling booming? Two reasons: the cost of energy and the increased penetration of the beverage can market.

Recycling aluminum cans
A gimmick no more.

Higher energy costs put a premium on recycling because producing primary aluminum is both energy- and capital-intensive. Recycling capacity costs about one-tenth as much as new capacity, and the process uses 5% of the energy needed to make new aluminum out of bauxite.

And there are a lot more cans out there to recycle: In 1973 the aluminum industry had about 25% of the beverage can market, today, around 80%. Recycling was so successful in 1981 that "it's adding to the inventory problem," says W. Krome George, Alcoa's chairman. "But it's still a bargain."—H.R.



transportation.

But when? Six to eight months into 1982, say the industry optimists. Four years, says Wall Street pessimist George Cleaver. Even if the recovery is delayed only to yearend 1982, it may seem like ages; and when the upturn comes, there may be still fewer independents around to enjoy it. Consider how many famous names have been acquired already—Anaconda by Atlantic Richfield, Kennecott by Sohio, St. Joe Minerals by Fluor, etc.

Right now the handwriting could be on the wall for three more: Amax, Asarco and Newmont Mining. Amax Chairman Pierre Gousseland may well wish he had not fought off Standard Oil of California's $78.50 a share offer for the remaining 80% of Amax shares it didn't own last March; it's rumored that Socal may be willing to sell its holdings to a buyer more willing to fight for control.

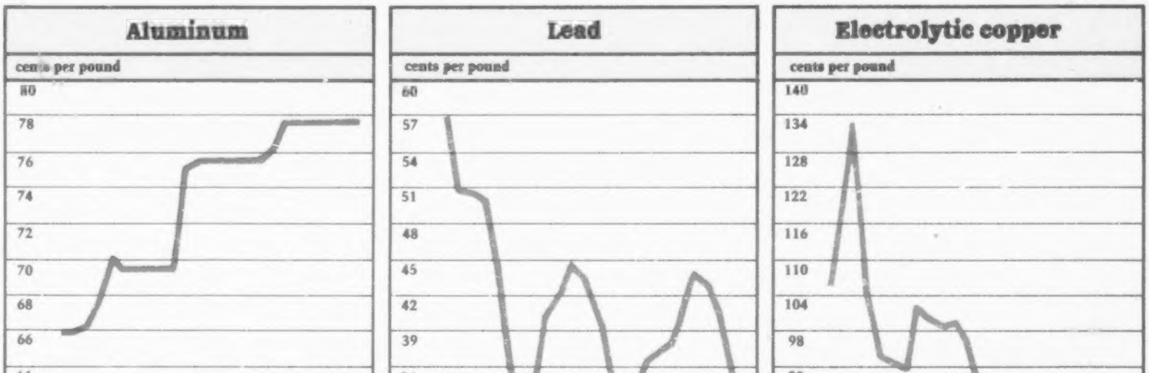
Amax, the free world's largest producer of molybdenum, has been diversifying, but the cost has left it loaded with 50% in variable rate debt. Interest costs alone last year were an estimated $180 million—while the prices of molybdenum and other metals were sinking fast.

Newmont is determined to fight off all acquisition attempts. "We're one of the few large independent mining producers left," says Jack Thompson, "and we're going to stay that way." Perhaps. He points to a friendly agreement signed last year, under which South Africa's Consolidated Gold Fields will limit its ownership of Newmont to 22% until Sept. 1, 1982, and then 26% through 1984. But that's no guarantee of independence.

Whatever happened to the "golden age"? Not too many years down the road, the question may be: Whatever happened to the big independent mining company? ■

Metals on the anvil

The last two years have been downers for most metal prices. Aluminum held up best (price is not the problem, but overcapacity and lack of demand). For a while, molybdenum held up, too, but its price has broken sharply since last summer. The "inflation hedges"—gold and silver—turned out to be anything but that.



Note: December 1981 figures are estimates

Source: American Metal Market

Remember the good old days when trees were a can't-lose, inflation-proof investment?

Forest products

By Jean A. Briggs

"I HAVE BEEN THROUGH six industry cycles since World War II, and this is by far the worst," says Jack Forrest, senior vice president of timber and wood products for Boise Cascade. "It's not only the steepest decline but also the longest, which is the hardest part of it."

If you think trees are an impeccable inflation hedge, take a look at the forest products industry. Instead of turning up as most people expected in 1981, it went straight down. And will stay down this year.

True, interest rates have begun to drop, but they are still far from low enough to stimulate housing, the market that normally takes 55% of all lumber and plywood produced. Optimists are saying that "business might begin to improve in the second half." But others worry that structural changes in the financial markets, the near wreck of the savings and loan industry in particular, make a robust upturn in housing less than a sure thing. Lamenting the state of the S&Ls, L.C. Heist, Champion International's executive vice president of timberlands management, says: "We're looking at a much different future. What financed our industry in the past doesn't exist anymore. None of us knows quite how the whole thing will come back together."

Here's how bad it is: Earnings of the big, integrated wood and paper companies have on average been slashed

Idle Crown Zellerbach sawmill in Oregon

Nearly 2,000 more across the country are just as quiet.

by more than half since 1979. As 1982 begins, lumber prices are down 34% and plywood prices 24% from their 1978 highs, according to William Dean, editorial director of *Random Lengths*, a publication that covers industry prices. "It's an auction market," Jack Forrest says. Buyers and sellers are on the phone constantly with bids and offers; every deal is negotiated. By year-end, with prices barely covering variable costs, more than half of the country's 1,950 sawmills and plywood mills were closed or operating at minimal levels, and some 100,000 employees were out of work.

Even the forest products companies' paper divisions, a bright spot for the last two years, are not expected to be of much support until the economy turns up again. Paper consumption varies directly with the health of the economy. So, for example, paper operations of the big companies, which had been registering gains, suddenly began to collapse late in 1981. Earlier in the year it was still possible to increase prices on uncoated and coated paper and linerboard, but in early fall the market collapsed. "At the end of September most of these companies had 30- to 45-day backlogs," says H.C. Bowen Smith, Salomon Brothers forest products and paper analyst. "By the middle of November those were down to 10 days." First to be affected was pulp, followed by uncoated paper and, finally, export linerboard. By year-end even coated paper was affected, as advertising began to fall off in parts of the magazine business.

Those vanished backlogs were crucial. "Not having backlog really hurts," says Smith, "because you can't schedule machines the way you want. You want them to make the same grade of paper all day because every time you change the machine you lose production time. When demand was strong you might not have a grade change for a whole week; when it's weak you might have to have a change four times a day." At Potlatch Corp. Dick Congreve confirms the point, "We have 15-day backlogs but they're that big only because of the way we have to schedule them. We're running less efficiently."

Result: Paper industry earnings will be off some 35% to 50% in the first quarter of 1982 for most companies, estimates Thomas Clephane, an analyst for Morgan Stanley. This contributes to a probable drop in overall 1982 earnings of at least 12% to 15% for such companies as International Paper, St. Regis and Mead, which are much more heavily involved in the paper business than the wood products business.

Not surprisingly, the massive capital-spending programs launched over the last few years by many of these companies are being sharply trimmed. Boise Cascade says it will cut spending back by half; Georgia-Pacific plans to spend only $225 million in 1982, compared with $700 million last year.

Salomon's Smith, however, says that many companies didn't cut back these programs soon enough. With the lumber and plywood business so bad for so long, the industry's ability to cover its costs has badly deteriorated. Speaking of the smaller firms, he says: "Some of the companies, though not literally bankrupt, are into their

Forest products

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
James River Corp Va	28.8%	**1**	22.8%	0.8	14.6%	3	15.7%	3.6%	56.1%	**1**	32.7%	**1**
Fort Howard Paper	24.8	**2**	23.9	0.2	18.0	1	20.4	17.4	16.5	**4**	19.4	**4**
Consolidated Papers	21.2	**3**	19.4	0.1	16.7	2	18.4	10.2	15.1	**5**	22.6	**3**
Mead	19.3	**4**	14.3	0.5	9.4	7	11.8	4.2	12.6	**11**	16.7	**5**
Kimberly-Clark	19.0	**5**	15.4	0.2	11.9	4	14.4	7.1	11.0	**17**	16.7	**5**
Union Camp	18.0	**6**	17.6	0.3	11.9	5	12.7	10.3	11.0	**16**	11.6	**10**
Willamette Inds	16.9	**7**	9.1	0.5	6.9	6	12.4	3.9	16.8	**3**	9.4	**13**
Georgia-Pacific	15.8	**8**	9.1	0.5	6.0	**12**	10.1	3.7	15.0	**6**	9.2	**14**
Weyerhaeuser	15.3	**9**	7.6	0.5	6.3	**9**	10.9	5.0	11.7	**13**	6.6	**18**
Westvaco	15.1	**10**	16.0	0.4	11.0	**11**	10.3	6.5	11.3	**14**	12.3	**8**
Louisiana-Pacific	15.0	**11**	4.7	0.2	3.6	**14**	9.9	2.9	21.1	**2**	9.9	**12**
Gt Northern Nekoosa	14.7	**12**	13.6	0.3	9.7	**10**	10.5	6.4	13.8	**9**	11.8	**9**
International Paper	14.4	**13**	11.9	0.3	8.8	**13**	10.0	6.9	10.0	**20**	8.5	**17**
Potlatch	14.0	**14**	6.9	0.6	5.3	**15**	9.9	4.7	10.4	**18**	8.7	**16**
Champion Intl	14.0	**15**	8.0	0.4	5.9	**18**	8.7	3.4	8.8	**22**	5.9	**19**
Boise Cascade	12.9	**16**	9.4	0.6	6.4	**16**	9.4	3.8	13.9	**8**	31.6	**2**
St Regis Paper	12.6	**17**	12.8	0.5	8.9	**17**	9.1	6.3	13.2	**10**	5.1	**20**
Federal Paper Board	12.5	**18**	15.6	0.7	8.6	**23**	7.6	5.7	6.4	**23**	2.7	**21**
Southwest Forest Inds	12.3	**19**	5.6	1.0	5.7	**20**	8.5	2.5	9.4	**21**	15.2	**7**
Longview Fibre	12.2	**20**	2.7	0.0	2.5	**8**	11.0	1.3	10.0	**19**	0.0	**23**
Hammermill Paper	11.8	**21**	13.4	0.5	8.7	**22**	7.7	3.4	14.2	**7**	8.9	**15**
Scott Paper	11.4	**22**	10.3	0.4	8.0	**19**	8.5	5.4	11.8	**12**	10.1	**11**
Crown Zellerbach	10.9	**23**	6.5	0.4	5.0	**21**	7.9	2.6	11.2	**15**	2.7	**22**
Industry medians	**14.7**		**11.9**	**0.4**	**8.6**		**10.1**	**4.7**	**11.8**		**9.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

banks and insurance companies for a lot more than those institutions would really prefer." Among those who failed to cut back soon enough on capital spending, Smith says, are Georgia-Pacific, Scott Paper and Champion International.

To add insult to injury: Investor fascination with all those trees as natural resource asset plays has vanished, along with $850 gold and ever-escalating housing prices. ■

Optimists say business might begin to improve in the second half. But others worry that structural changes in the financial markets—the near wreck of the S&Ls—make a robust upturn in housing less than a sure thing.

Timber barons on 50 acres

Bargeloads of timber are floating unsold in northwestern harbors these days, but the forest products industry still worries about the future supply of trees.

Trees are a renewable resource. Right now we're growing them faster than we use them. But projections indicate that won't last unless drastic action is taken.

One bright spot, though, is the Old South, from the Atlantic Coast to the Mississippi, where trees grow faster than in most other places, and can be processed more efficiently. Just as important is that most of the woodlands in the South are private, not federal as they are in the West. Of the South's 200 million timbered acres, 73% are in private tracts averaging less than 50 acres.

So the problem is how to encourage these small landowners to be zealous tree farmers. "The small holder can't live on receipts he gets every 35 or 40 years when his trees used for sawtimber get big enough to be harvested," says Don Smith, director of forest resources at the Southern Forest Institute. "He needs incentives."

Those incentives are now coming. A law passed in 1980 provides aid for individuals who can qualify for investment tax credits on money spent on reforestation. They do, of course, get capital gains treatment on harvested timberlands.

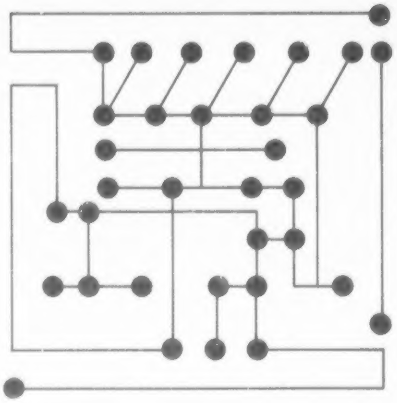
Many of the big timber companies also are trying to encourage forest management among small landholders. St. Regis, for example, provides such services as forest mapping, timber marking and harvesting, site preparation and reforestation—including free seedlings. In return it asks rights of first refusal at harvest time. Timber brokers, too, play an important role, encouraging sellers to follow proper management practices. Sometimes brokers even buy up timberlands when they become available and sell them to people who will take care of them.

All this helped hold up the prices of southern timber and timberlands last year longer than prices in the West. Whether it also will help prevent timber shortages in the next century, of course, remains to be seen. But a journey of 1,000 steps. . . . —**J.A.B.**

Seedlings being prepared for planting

St. Regis alone puts 5 million such plants on private land each year.

Are the Japanese winning out in semiconductors the way they did in so many other industries? One of the industry's pioneers says no.



Electronics

By Subrata N. Chakravarty

IS THIS THE YEAR in which the Japanese start doing to the U.S. semiconductor industry what they have already done in autos, shipbuilding and TV sets? By the end of 1981, Japanese semiconductor makers had about 70% of the market for the third generation of computer memory devices, and they now have 25% of the total world memory market (a share that Michael Krasko of Merrill Lynch says has doubled since 1979).

Is this the great watershed? FORBES asks Dr. Robert N. Noyce, vice chairman of Intel Corp. Noyce is now president of the Semiconductor Industry Association, but he is far more than a mere industry spokesman. Noyce was one of a handful of young scientists and engineers recruited in the 1950s by Nobel prizewinner William Shockley, coinventor of the transistor, to set up the first semiconductor company. Later, he was one of the founders of Fairchild Semiconductor, and then of Intel. He holds patents on key inventions that made possible the integrated circuit.

FORBES found Noyce surprisingly optimistic—surprising because so many others don't agree.

Aren't semiconductors a natural for the Japanese? Won't they find it easy to develop experience and high volume because so much of their electronics industry is devoted to consumer products?

Noyce: I think that's nonsense. In the less sophisticated devices that may well be true. But there is very little carryover. It's like an automobile manufacturer making moon rockets. Sure, there's an experience curve involved, but experience in making a consumer product is not very applicable to making computers.

Still, the Japanese seem to have taken the lead in production of the 64K-bit dynamic random access memory [the latest generation of memory chips capable of storing 64,000 bits of information].

Noyce: Japan has done here what they have done in other mass markets. It's a stable, large-volume product and they jumped into it with both feet. The point is, they are followers. The 64K-DRAM in many ways is a mundane extension of the 16K-DRAM; it's just putting four 16K-DRAMs in one package. It does require advanced technology to do that, but it doesn't require a great deal of creativity—as it would, for instance, in developing new computer software. By contrast, much of the American effort is going into the future—into software-intensive design instead of production engineering-intensive design.

Dr. Robert N. Noyce

"It's a cultural difference."

What accounts for the difference in the two strategies?

Noyce: I think it's a cultural difference. The Japanese climb into a uniform at four years old and stay in uniform until they retire. The U.S. is more individualistic. If you've ever driven in a country lane in a fog behind somebody, you know it's easy to follow the taillight in front of you. In fact, you wonder why the guy in front is going so damn slow—until you pull out around him. I think that's what's going on here. The Japanese have come in with their production engineering, which is very good, to go after a big market the Americans developed. That's what happened in nearly every field they have gone into.

The other thing is this: In a sluggish economy, the relative lead in technology becomes less important, and technology of course has been the major U.S. advantage. If the industry is growing rapidly, the follower's job is tougher because everybody is moving rapidly. What we've got now is a temporary lull, and that always gives the followers time to catch up.

Still, your dismissal of the Japanese penetration of the memory market smacks of complacency. Detroit made the same mistake with small cars and Xerox with small copiers. They both lived to regret it.

Noyce: I think everyone in this business is running scared so I'd certainly deny complacency. We will be jumping into 64K-DRAMs with both feet, let me assure you.

American suppliers are going to come on with the second-generation 64K-DRAM sooner than the Japanese.

Second generation?

Noyce: Yes. The real problem with just straight upgrading of the 16K-DRAM is that it's too expensive. The customers won't go from one generation to the next unless there's a real cost saving. Prices on the 64K-DRAM now—using the old technology—are at about cost. You've got to use the new technology to make it profitable. The real issue is how much you want to subsidize the market at this point.

You make it sound almost as if the industry has no problem meeting the Japanese challenge.

Noyce: We do have some very significant problems, and I don't mean to downgrade them. For one thing, we have an enormous shortage of trained manpower in the U.S.; we've got to graduate more engineers and fewer lawyers, if I can put it that way. Another problem is shared by the rest of American industry. The investment rate in Japan is a third of their GNP and ours is 15% or so. For a growth industry, that makes a tremendous difference. You can reflect that savings rate back into the cost of capital in the two countries. And that gives them a significant advantage.

This year, at any rate, the industry's returns have dropped very sharply. Isn't that going to create problems long term?

Noyce: I just don't think you can look at 12 months, hang management with that, and then complain of American management's "short-term view." I don't think you can look at today's return on capital and say it's going to be that way for the next five years. If anybody in the industry believed that, we'd all quit and go home.

You certainly don't sound like you're ready to do that.

Noyce: This is one race the nation can't afford to lose. But the U.S semiconductor industry has been competing with the Japanese for a long time; as a matter of fact, the seven largest Japanese companies have been in the business longer than most of the players in the U.S. industry. What happened? The Japanese were driven out of the transistor market when the American industry went to cheap silicon transistors. They were driven out of small-scale integrated circuits when they got caught in the price crossfire between Texas Instruments and National Semiconductor. So we've been there before.

The difference now is that the Japanese have made it an item of national purpose, so they're going to be a little tougher. But U.S. industry still has the technological lead, there is very little doubt about that. The fundamental research has been done here. The Japanese are very strong in memory, but they are not nearly so strong in more innovative products. The next move is the microprocessor and all of its affiliated devices. And there they are strictly following the U.S. lead. ■

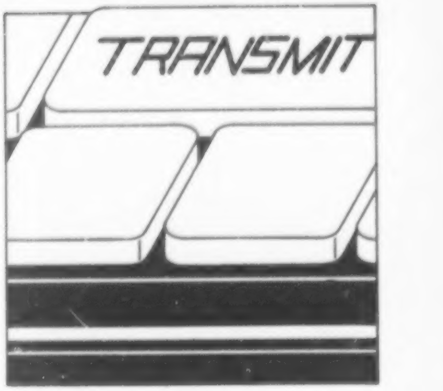
Electronics

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Schlumberger	35.5%	1	37.8%	0.1	35.6%	1	32.8%	22.2%	24.6%	5	35.4%	3
Teledyne	35.4	2	28.2	0.4	19.8	3	24.2	12.3	11.0	22	44.0	1
EG&G	27.0	3	28.3	0.1	25.4	4	23.1	4.6	25.3	4	25.8	6
AMP	27.0	4	20.6	0.1	18.3	5	23.1	9.8	17.7	13	22.2	12
Intel	26.2	5	10.2	0.3	7.7	2	25.1	5.6	38.7	1	29.5	5
Raytheon	24.2	6	23.9	0.1	22.8	6	22.4	5.8	15.9	15	24.3	9
Harris Corp	21.1	7	20.8	0.3	13.7	13	15.9	6.6	18.5	11	32.1	4
Tektronix	19.9	8	15.8	0.3	13.0	11	17.3	7.6	23.8	7	25.6	7
Natl Semiconductor	19.9	9	12.1	0.2	8.5	14	15.4	3.2	31.6	3	19.6	14
Avnet	19.7	10	16.3	0.1	15.2	10	17.5	5.2	15.0	16	13.8	18
Hewlett-Packard	19.5	11	19.8	0.0	18.9	8	18.8	8.7	24.1	6	22.9	11
M/A-COM	19.3	12	24.4	0.1	26.6	7	19.9	7.8	35.3	2	24.9	8
General Instrument	18.8	13	19.4	0.1	16.8	15	15.2	9.0	11.5	20	36.6	2
Perkin-Elmer	18.5	14	17.8	0.2	15.3	12	16.7	6.8	23.3	8	20.9	13
Texas Instruments	18.3	15	10.7	0.2	10.0	9	17.8	3.0	18.8	10	14.9	17
Motorola	16.4	16	15.8	0.3	13.3	16	14.6	5.6	14.2	17	15.4	16
Beckman Instruments	15.7	17	12.3	0.5	10.2	17	13.1	5.8	18.1	12	23.3	10
Honeywell	15.1	18	15.1	0.2	11.6	19	11.7	5.5	10.9	23	18.4	15
North Amer Philips	14.9	19	16.4	0.3	10.7	21	10.2	3.5	17.3	14	12.5	20
Corning Glass Works	14.9	20	13.1	0.2	11.1	18	12.6	7.4	8.2	24	13.7	19
General Tel & Elec	14.4	21	14.3	1.0	6.7	23	7.1	6.5	11.1	21	7.2	22
Gould	13.9	22	9.9	0.5	8.1	20	10.5	4.2	20.3	9	6.1	24
American Tel & Tel	13.1	23	13.0	0.7	7.5	22	7.5	12.1	11.6	19	8.9	21
Varian Associates	6.3	24	def	0.6	0.6	24	5.9	def	12.5	18	6.2	23
Industry medians	**19.1**		**16.1**	**0.2**	**13.2**		**16.3**	**6.2**	**17.9**		**21.6**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
def: deficit.

The minicomputer makers first made possible the vast new office computer market. But only now have they begun to exploit it.



Computers

By Kathleen K. Wiegner

YEARS AGO KENNETH OLSEN, cofounder and president of $3.2 billion Digital Equipment Corp., was talking about "personal computing." Now it's the "*professional* personal computer." There's a world of difference between those two terms. DEC, you may recall, pioneered the minicomputer back in the days when computers came in only one size—big, and for one price—expensive. DEC's computers, selling for thousands, rather than millions, of dollars, spawned a whole industry.

Then along came Apple and Tandy in the late 1970s and made personal computing a bit more personal. They put computers on the desks of doctors, lawyers, secretaries and executives, many of whom had seen a computer only in the movies. Personal computers became office computers.

Suddenly, DEC and the minimakers were looking at a vast new market. They saw the light: The computer was the key. Word processors, electronic mail systems and graphics terminals were simply another form of distributed data processing.

The light became a blinding flash last summer when IBM entered the personal office computer market. DEC, Hewlett-Packard Co. and Data General Corp. wasted no time getting in themselves *(see p. 148)*.

Why didn't they move sooner? For a very good reason, says Winston R. Hindle Jr., DEC's vice president of corporate operations: "We had a limit to our manufacturing capacity. Over the last couple of years, in fact, we could not maintain deliveries; except for IBM we have had some of the longest lead times in the industry." The fact is minicomputer companies were growing as fast as any company could without harming itself. DEC's growth rate, for example, is 31% compounded annually over the last five years. "Nobody can do everything," explains Olsen, shifting his 6-foot-2 frame more comfortably in his chair. "We didn't have the resources, even if we had the concept."

The concept is now crystal clear. Personal computers are growing at

Computers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Wang Laboratories	30.2%	1	25.0%	0.5	16.1%	3	19.7%	9.0%	46.0%	1	46.8%	1
Storage Technology	30.0	2	24.8	1.0	12.9	5	19.0	7.8	44.4	2	37.4	2
IBM	22.7	3	21.0	0.1	18.9	2	21.5	12.4	12.7	9	12.0	9
Data General	21.5	4	12.4	0.4	10.0	4	19.3	5.6	42.2	3	28.0	5
Amdahl	21.1	5	9.6	0.1	10.1	1	24.2	6.3	23.0‡‡	7	–17.7‡‡	12
Hewlett-Packard	19.5	6	19.8	0.0	18.9	6	18.8	8.7	24.1	6	22.9	6
NCR	19.0	7	13.7	0.2	12.3	8	15.0	6.8	8.7	13	33.8	3
Digital Equipment	18.1	8	16.7	0.0	15.5	7	16.4	11.1	36.2	4	31.8	4
Honeywell	15.1	9	15.1	0.2	11.6	9	11.7	5.5	10.9	11	18.4	8
Sperry	14.0	10	9.4	0.3	6.8	10	10.4	4.0	10.4	12	11.7	10
Burroughs	10.0	11	0.8	0.2	1.1	11	8.9	0.6	12.5	10	3.7	11
Control Data	9.8	12	10.6	0.3	9.4	13	8.1	3.9	14.3	8	19.6	7
Memorex	9.5†	13	def	1.0	def	12	8.2	def	24.1	5	D–P	
Industry medians	**19.0**		**13.7**	**0.2**	**11.6**		**16.4**	**6.3**	**23.0**		**21.3**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ‡‡Three-year growth. D-P: deficit to profit; not ranked. def: deficit.

close to 40% a year while traditional minicomputers have slowed to 20%. In fact, it is estimated that desk-top computers will represent nearly one-quarter of the computer industry market by 1985. DEC alone has poured $150 million into repackaging its data processing machines for the office—with extensive software offerings.

Software is so critical to the personal office computer buyer that experts say it will eventually exceed hardware in sales. But there are problems. "More and more of the value added these days is software," says Hindle, "but we in systems have not discovered well enough how to make a good return on it."

Minicomputer companies also face a marketing problem. When DEC was largely selling hardware, its customers were sophisticated users—scientists, researchers and OEM manufacturers who developed their own systems. But a smaller computer, often sold to a first-time user, must be a complete package requiring totally different marketing channels. DEC was the first computer company to open company-owned stores to retail directly to the customer, but its 25 stores have not met with the success of Tandy's Radio Shack chain. Servicing small customers, which DEC once left to third-party service outfits, also requires some new skills. "To service our low-end customers we put what they need in a van," says John Shields, vice president for customer service. "We also have a center where people can bring the product in for repair and have it back in 24 hours."

The minimakers arrive at the great office-of-the-future watershed with work still to do; as of now, none has all the pieces in place.

For example, H-P won't have an electronic mail system until sometime this year. And DEC, lacking a personal computer as "dedicated" as Apple's, is offering a computer board that, when attached to its hot-selling VT-100 terminal, turns it into a multipurpose small computer. DEC now lacks a product in the $2,000-to-$3,000 range; Olsen hopes first-time users will quickly exhaust the potential of their Apples and want more computer. "People are learning to use computers and Apple has done this," says he. "But then they will want to trade up to a *real* computer."

The new battle in minis will be heated and expensive, and the minimakers won't be competing only against IBM and each other. There are also the semiconductor companies moving up: Intel Corp., for example, which recently announced a "microcomputer" competitive with DEC's PDP-11. Says Theodore Johnson, DEC's vice president for sales: "The small businessman is looking for people he can trust." If he places that trust with the minimakers they could have a bonanza on their hands. ■

Digital Equipment President Ken Olsen tries out a new DEC machine
Making personal computing even more personal.

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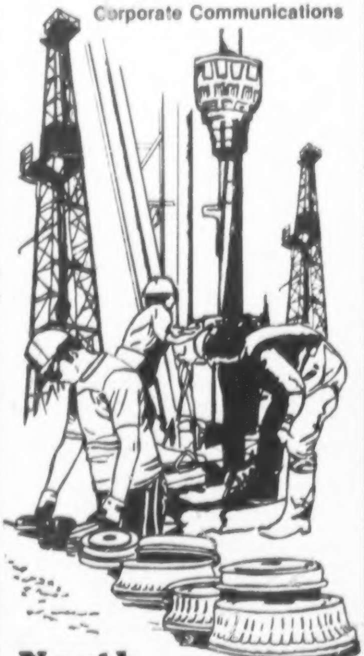
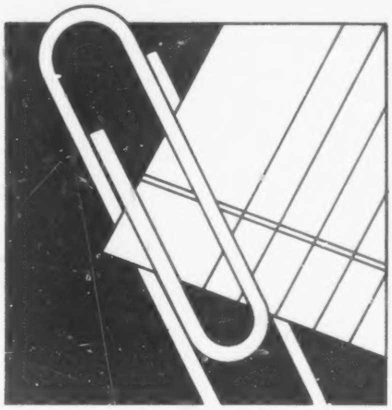


North
American
Royalties, Inc.
Chattanooga, Tennessee 37402

Here come the computer companies. And if the office of the future is not to be theirs, the old guard had better move fast.



Office equipment and services

By Kathleen K. Wiegner

LAST FALL, Digital Equipment Corp. and Hewlett-Packard Co. chose the same day to announce their invasion of the office equipment market—in everything from word processing to electronic mail. Less than a month later, NCR Corp. and Data General Corp. joined them.

All four are computer companies, homing in on a natural and historic target that many believe will be their biggest market of all. Already there are Wang Laboratories Inc. and Datapoint Corp. There from the beginning, of course, was IBM. Increasingly now, the office equipment industry is becoming an adjunct of the computer industry. At least 140 companies sell some kind of word processing office equipment today, some as large as IBM, some as tiny as $25 million (sales) Vector Graphic of Thousand Oaks, Calif.

This is not traditional office equipment such as copiers and dictating and mailroom equipment. That market continues to grow, but with none of the breathtaking curves shown by word processing, for example, which Dataquest, the Cupertino, Calif.-based market research group, estimates will more than double from $2 billion to $5 billion in the next four years.

The impact on some of those traditional old-line office suppliers has been devastating. For example, AM International, Inc. is in deep trouble. It is trying to sell off the high-technology divisions that might have provided a presence in the computerized office; it now seems able only to milk the remaining cash out of its aging offset duplicating business. Once-prosperous Nashua Corp. and Savin

Office equipment & services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Office equipment												
Savin	44.1%	1	def	1.4	def	1	34.2%	def	42.0%	1	120.9%	1
Electronic Data Syst	23.6	2	26.6%	0.1	22.5%	2	21.3	8.5%	21.1	2	10.4	5
Pitney Bowes	20.3	3	14.9	0.3	10.6	5	14.3	4.8	18.0	3	31.3	2
Moore Corp	18.9	4	18.2	0.2	15.3	4	15.1	6.3	13.3	6	10.2	6
Xerox	18.6	5	17.5	0.2	15.1	3	15.7	7.3	14.8	5	11.6	4
Nashua	17.2	6	9.3	0.3	8.3	6	13.2	2.2	15.9	4	17.8	3
Bell & Howell	4.1	7	8.1	0.3	6.9	7	3.8	2.1	7.4	8	–8.0	7
AM International	def	8	def	0.5	def	8	def	def	7.8	7	P–D	8
Medians	18.8		12.1	0.3	9.5		14.7	3.5	15.4		11.0	
Office services												
Computer Sciences	33.3%	1	18.0%	0.6	12.8%	4	17.4%	3.0%	20.6%	4	43.9%	1
Kelly Services	29.4	2	26.6	0.0	26.4	1	29.4	3.9	24.3	3	26.8	2
Parker Pen	25.1	3	14.0	0.1	13.4	2	22.9	3.5	29.9	1	24.8	3
Auto Data Processing	21.5	4	19.1	0.2	15.1	3	18.9	8.4	26.4	2	20.9	4
Purolator	15.9	5	25.8	0.5	17.5	5	12.1	4.0	11.9	5	4.6	5
Medians	25.1		19.1	0.2	15.1		18.9	3.9	24.3		24.8	
Industry medians	20.3		17.5	0.3	13.4		15.7	3.9	18.0		17.8	
All-industry medians	15.5		14.7	0.4	10.9		11.1	4.5	14.0		12.5	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

Corp. are struggling as they try to come up with small copiers to replace the profitable business they have had selling Japanese-made Ricohs because those sales agreements run out in several years. Last month Savin, counting on its name in office copiers, introduced a series of office systems that also allow users to tailor general software specifically to their own needs. Meanwhile, the Japanese continue to burn up the market for low-end copiers, a world market that is expected to more than double to $15 billion by 1985. In office equipment the Japanese threat is about where it was in autos, say, a decade ago—way behind, but determined to catch up.

Assembling Xerox' new electronic typewriters

Xerox goes after another IBM stronghold in the office of the future.

Unlike AM, not every old-time office equipment firm is in bad shape. For example, Moore Corp., the largest maker of printed business forms, has invested $25 million in the last three years in an office system that computerizes record keeping for small and medium-size businesses, using Texas Instruments or Altos computers and Moore's own software. Moore recognized early the threat from computer printers that can act as sophisticated photocopiers, enabling businesses to obviate Moore's forms by making their own.

Compurite, another Moore product, links a computer with a printing press, allowing direct mail solicitations to be "personalized." (It's also used by the Internal Revenue Service to label individual tax returns.) So far, high-tech products account for less than 5% of Moore's $1.8 billion sales, but President Richard Hamilton expects them to contribute a much larger percentage in five years.

Pitney Bowes, the big mailing-equipment maker, has added Ricoh and Minolta copiers to its existing older line and has also been in the word processing business since 1980, when it acquired Artec International. PB is looking for that day in the future when electronic mail and funds transfers make the postage meter a museum piece, as the hand-held calculator did the slide rule.

Among the old guard, only Xerox can match companies like IBM, DEC, Wang, Datapoint and H-P in touching all bases of the office of the future. Xerox is going after IBM's hammerlock on the typewriter business with its own electronic typewriter. Far from a mundane product these days, the typewriter is in fact one of the keys to the future: By 1983, IBM and most other typewriter makers will have switched from electric to electronic; add data communications capability and text editing functions, and these typewriters can become computer terminals. With its Star "multifunction workstation," which does word processing and information retrieval, Xerox has another product geared to the future. Dataquest's Robert Costain believes that such workstations may ultimately replace personal computers in the office.

Moore, Pitney Bowes and Xerox had the vision to see the change coming and the will and wherewithal to do something about it. But Bell & Howell will have to settle for a corner of the market. It has a strong position in micrographic equipment for making microfiche and computer output microfilm, accounting for over 30% of the company's sales. Micrographics are an estimated $2.5 billion industry and expanding at about 13% a year. But 13% is slow by the standards of this superdynamic industry. ■

A friend in Abu Dhabi—and Aberdeen, too

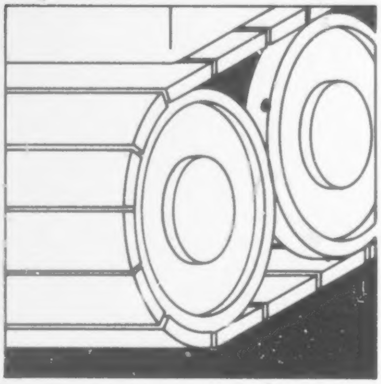
Eleven years ago three enterprising young men, one of them a student lawyer, came up with the idea of a courier service for shipping companies that needed manifests delivered to Hawaii before their ships docked. Today their brainchild, DHL, carries not only manifests but seismic reports, blueprints and bank documents to all parts of the globe. It is the oldest and largest international courier service providing desk-to-desk delivery of documents and small parcels. Last year DHL flew 10 million shipments between 268 cities as far-flung as Abu Dhabi in the United Arab Emirates, Pago Pago in American Samoa and Kuantan, Malaysia.

DHL is two separate companies—DHL Corp., headquartered in Burlingame, Calif., and DHL International, operating out of Hong Kong. Each company acts as the exclusive agent for the other. While privately held DHL will not disclose its overseas revenues, David Allen, 36, president of DHL Corp., says the U.S.-based company did about $100 million in sales last year.

Allen is confident his company is secure from attack by new competition or even established and aggressive outfits like Federal Express, which is trying to expand overseas. "International courier service is very complex and specialized," he says. "You need to have a lot of contacts with airports, customs, as well as approvals from governments." But looking ahead to the day when electronic mail could erode the need for hand-carried document delivery, DHL has begun marketing word processing systems that can eventually be linked to facsimile machines.—K.K.W.

The new tax law is not going to bail out ailing machinery companies. Even an economic recovery may not do the trick.

Construction, mining, transport equipment



By Barbara Rudolph

WHAT HAPPENS when interest rates come down, the economy recovers and the new tax package comes into full effect? Listen to the optimists in heavy machinery and you would think all problems will be solved, for strong and weak alike. It may not be nearly that simple.

Right now the optimists are rummaging through the goodies in the Economic Recovery Act—accelerated depreciation and the sale of investment tax credits in the form of leasing equipment. Says Willis Fisher, senior vice president for construction equipment at Harnischfeger Corp.: "Thanks largely to the accelerated depreciation schedules in the package, we expect our business will be way up in the spring. For example, our lift-crane business, which is now running a third idle, should be going full steam by then."

Also, according to the optimists' scenario, the "fictional transaction" leasing provisions of the tax package will be the salvation of railcar-leasing companies such as GATX or ACF Industries. Imagine a cash-rich company looking for a tax break. It pays, say, $20,000, or 20%, down for $100,000 worth of new railcar equipment and owes the remaining 80% to the cash-poor leasing company. The seller gets the cash and still manages to retain legal ownership of his equipment. The buyer gets the tax credit.

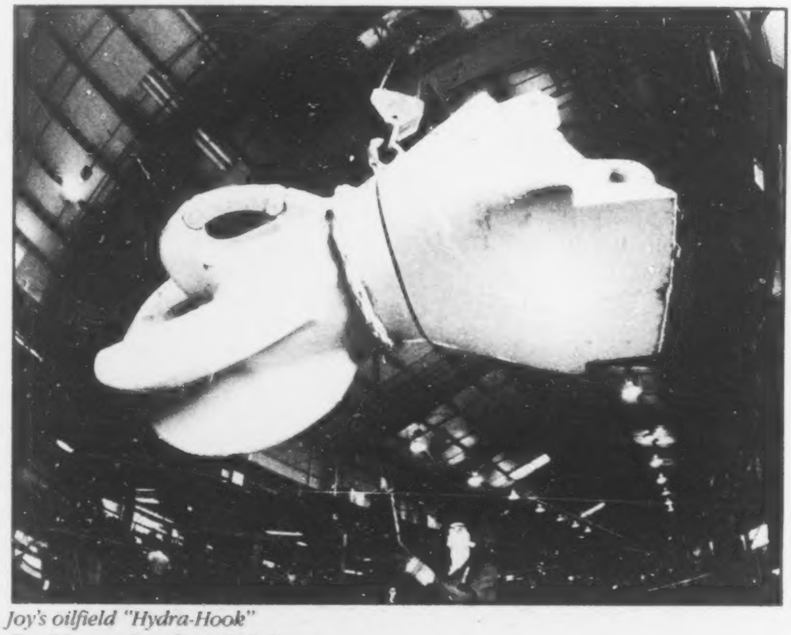
What's wrong with that? This is one of those benefits that works best when times are good. "If you can't get cash, then what good does it do you?" wonders Joy Manufacturing Co. Chairman J.W. Wilcock. "We've got the cash, but we still wouldn't make investment decisions on the basis of depreciation schedules."

Agrees Robert Gerstenberger, senior vice president for industrial equipment at John Deere & Co.: "Unless the economy picks up, the tax package won't swing enough sales to really help. It won't spell the difference between go and no go." Says Jim Phillips, a partner at Ernst & Whinney who advises many capital goods manufacturers: "There's no question that leasing is hot right now, but I don't think it is going to do any good without underlying demand."

And demand, of course, just isn't there. Housing starts are at the lowest level in 15 years. Highway construction is off. The future? Typical is American Hoist & Derrick's view: "We see 1982 as a rerun of 1981," says a spokesman. And mining machinery companies are still waiting for the renaissance of coal.

Rail equipment companies provide perhaps the gloomiest outlook in all of heavy machinery. At the end of the year, demand for railcars was down an alarming 57% over 1980, in large part because of the huge overbuilding of capacity in 1979 and 1980. Add to that the current sluggish railroad traffic and the trend toward mergers in the railroad industry—which reduces demand for cars—and the final picture is very bleak indeed. One stark example: In the Norfolk & Western-Southern merger, Southern will be getting all its hopper cars from N&W because N&W's building facilities are far more efficient. As a result, Southern will be almost completely out of the marketplace.

A sure sign that railcar makers are



Joy's oilfield "Hydra-Hook"
Coal is coming, but oil is here.

worried: The American Railway Car Institute, a trade group that normally keeps out of public view, has taken the unusual—though probably futile—step of intervening in the proposed N&W-Southern merger. The institute argued to the ICC that the merger would present a "serious problem which might well threaten the viability of the independent railcar manufacturing industry."

How long will this go on? Maybe through 1985. Kidder Peabody's Graeme Lidgerwood estimates the railcar industry will deliver only about 47,000 cars a year until then. That's a mere 55% of total capacity and a drop of about 40,000 cars a year from 1979, when the industry was running at near capacity.

In fact, Lidgerwood believes that consolidation is brewing in the railcar industry to match the consolidation of the railroads themselves. Pricing is already fiercely competitive, and earnings are down for most firms. A probable winner in this coming shakeout: Amsted Industries, the low-cost producer and the most financially fit. It has no long-term debt whatsoever, compared with Tiger International, where long-term debt is 73% of capital, GATX (52%) and ACF (40%). But even Amsted has something to complain about: Ironically, it invested some $80 million in new buildings and equipment last year—instead of waiting until after Jan. 1, when it might have profited from the tax package.

There could be a shakeout coming in the construction and mining machinery industry, too. Even solid, solvent Clark Equipment has had to pull out of the market for big road scrapers and road graders. And Fiat-Allis, the joint Italian-U.S. venture, is reportedly considering abandoning the North American market altogether. Automated factories are making lift trucks, a longtime staple of the construction machinery market, obsolete. Lift-truck sales were off an alarming 31% in 1981 and down 42% from the high point of 1979. Clark, number two behind Hyster in lift trucks, is especially hurt; 40% of its sales are in lift trucks.

Overall, Hyster Chairman William Kilkenny claims the U.S. construction materials market is "stable." He concedes there is a trend toward automation in the U.S. but sees growth markets in South America and the Far East (outside of Japan, where Komatsu is dominant).

Maybe so, but here's a straw in the

Construction, mining, transport equipment

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Construction, materials handling												
Caterpillar Tractor	20.1%	1	17.9%	0.3	14.8%	2	15.3%	6.9%	14.0%	2	12.7%	2
Hyster	20.0	2	9.8	0.2	8.7	1	16.4	5.1	13.0	3	24.3	1
Clark Equipment	13.4	3	7.9	0.2	6.8	3	10.5	3.5	4.2	6	6.7	3
Amer Hoist & Derrick	12.6	4	11.0	0.5	8.4	4	9.2	3.6	9.0	5	4.4	4
Harnischfeger	8.5	5	16.3	0.9	10.7	6	6.4	4.5	14.2	1	–4.4	6
Pettibone	7.3	6	def	1.2	2.1	5	6.7	def	12.2	4	–3.1	5
Medians	**13.0**		**10.4**	**0.4**	**8.6**		**9.9**	**4.1**	**12.6**		**5.6**	
Mining & drilling equipment												
L B Foster	96.1%†	1	78.7%	1.5	22.5%	7	15.2%†	4.0%	**		**	
GEO International	37.2†	2	51.3	0.4	41.5	1	27.1	10.7	30.3%	4	32.8%‡	1
Western Co No Amer	30.6	3	35.6	1.3	16.2	10	13.0	13.6	37.2	1	31.8	2
Geosource	25.3	4	32.8	0.3	33.6	2	22.8	8.0	28.4‡	5	28.9‡	3
Baker International	25.2	5	30.9	0.3	22.2	4	17.9	10.5	33.6	2	28.8	4
Smith International	21.7	6	25.1	0.3	19.9	3	18.2	11.3	25.7	6	22.9	6
Cameron Iron Works	20.9	7	24.6	0.4	16.9	8	14.2	11.4	18.4	7	20.0	7
Hughes Tool	20.4	8	24.5	0.1	20.9	5	17.2	13.7	32.5	3	25.8	5
Dresser Industries	19.3	9	19.0	0.2	15.7	6	15.4	6.9	18.3	8	17.2	8
Bucyrus-Erie	16.2	10	9.6	0.2	8.3	11	12.8	8.4	12.2	10	13.5	10
Joy Manufacturing	15.3	11	20.3	0.2	17.0	9	13.2	8.0	13.5	9	13.7	9
Medians	**21.7**		**25.1**	**0.3**	**19.9**		**15.4**	**10.5**	**27.1**		**24.4**	
Rail equipment												
Amsted Industries	20.2%	1	14.3%	0.0	13.9%	1	19.7%	6.0%	12.4%	3	19.0%	1
Ampco-Pittsburgh	14.5	2	15.8	0.5	13.4	2	12.8	3.2	21.0	2	15.6	2
ACF Industries	12.6	3	8.0	0.7	5.1	3	7.1	3.3	12.2	4	6.9	3
Tiger International	12.2	4	5.3	2.7	3.9	4	5.9	1.4	25.5	1	6.8	4
GATX	11.2	5	12.9	1.1	5.6	5	5.1	6.0	9.1	5	3.3	5
Medians	**12.6**		**12.9**	**0.7**	**5.6**		**7.1**	**3.3**	**12.4**		**6.9**	
Industry medians	**19.7**		**17.1**	**0.4**	**14.4**		**13.7**	**6.5**	**14.2**		**15.6**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ‡Four-year growth. def: deficit. **Not available; not ranked.

wind: Caterpillar, which is the strongest of all construction equipment manufacturers, has reportedly been forced into price concessions on some of its large orders, which hasn't been done for about ten years.

Probable outcome: Margins will be squeezed this year, and the heavyweights of this heavyweight industry—Caterpillar in construction, Joy in mining and Amsted in rail equipment—are going to move even further ahead of the pack. They have the financial strength to weather the bad times and the luxury of choice in good times to make the capital investment needed to maintain their edge. Joy, for example, raked in healthy profits on mining equipment in 1975 and 1976, when a coal boom seemed just around the corner, and immediately made substantial investments in product improvements and cost reductions.

Unlike a major competitor, Ingersoll-Rand, Joy did not overexpand in coal-mining equipment because, says CEO Wilcock, "We saw it as a purely cyclical thing." So when the coal-mine tide turned in 1977, Joy wasn't burdened with excess capacity; and when demand recovered somewhat in 1979, Joy gained market share at IR's expense. Result: Now that demand has softened, Joy is again in a position to spend while some of its competitors are forced to retrench.

Joy Manufacturing Chairman Wilcock
Being the preferred brand helps.

Joy is investing an impressive $100 million in new plant and equipment this year. And in its last fiscal year (ending Sept. 30, 1981), net income was up a handsome 47% on a 17% increase in sales largely because of the right product mix: Some 45% of Joy's profits came from rig and wellhead equipment for the oil industry. But the company was also able to make money in the depressed coal-mining market because, as market leader, it grabbed most of the business there was. "We are the preferred brand in many cases, and that helps a lot," says Wilcock.

Will Joy's competitors—and their counterparts in construction and rail equipment—be permanently injured by a long recession? Will even the survivors actually prosper anytime soon? Hyster's Kilkenny is hopeful: "There's a great deal of pent-up demand out there." Agrees Deere's Gerstenberger: "Like MacArthur, it will return."

But tax breaks—even economic recovery, whether early or late—will not take the place of foresight and good management. Warns Richard Sanderson of Investors Diversified Services: "There is a widely held misconception that an economic recovery will bail out weak companies. Watch out this time." All in all, prudent pessimists like Joy's Wilcock sound convincing: "We are running our business on this basis: Things will be getting a hell of a lot worse before they get better." ■

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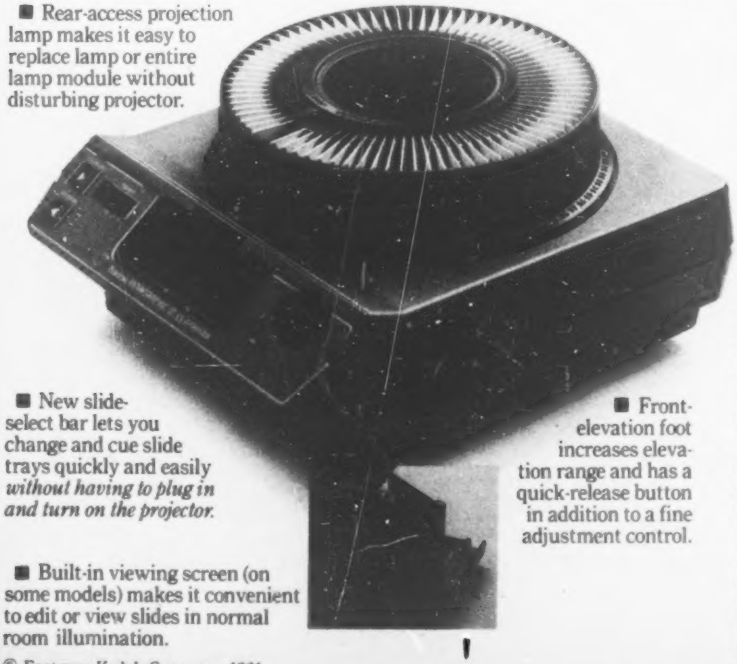

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Slogging through the apocalypse may have its rewards—if you are big, strong or foreign.

Industrial equipment and services

By Barbara Rudolph

How's this for clutching at straws? "Our inquiry rate is high," says a Cincinnati Milacron executive. "Our engineers are constantly hearing from customers thinking of buying equipment."

Talk is cheap. The facts, though, are hard:

Machine tool orders are now hovering at less than half the peak of 1979 and about 35% below 1980. Industrial equipment makers have used up most of their backlogs as well as the temporary benefits of the auto industry's frantic retooling. Now it's a matter of slogging through the apocalypse.

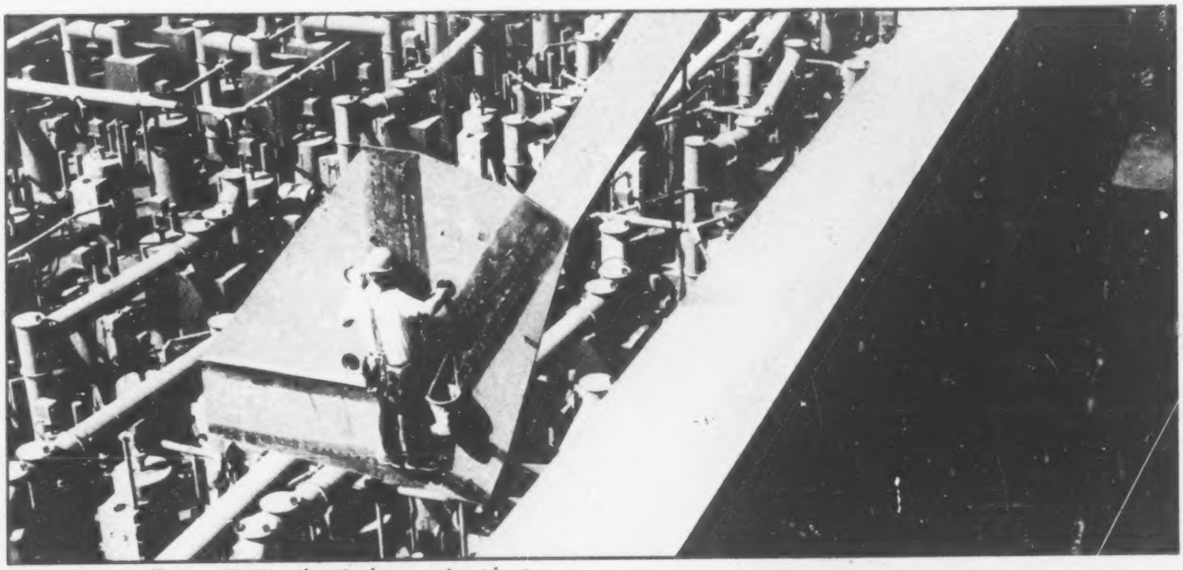
"We keep hoping this is the bottom of the cycle, but until we're sure, we'll just keep hunkering down," says Parker-Hannifin's Don Manning. An Acme-Cleveland spokesman talks about a "management mandate to focus on the cost structure. We're not expecting volume growth now, but we are determined to improve our returns."

Slogging through also means selling unprofitable divisions. Take Research-Cottrell. Last year the manufacturer of pollution control equipment showed a frail 10.3% return on equity, compared with an industry average of 14.6%. It's hoping to sell its moneylosing chimney and cooling-towers division. Potential buyers are looking, a spokesman says, but nobody is biting yet. And Rexnord, which last year sold its fasteners division, is considering dumping its construction machinery division.

In fact, Research-Cottrell may well be thinking of diversifying itself out of industrial equipment altogether in favor of its profitable energy services division, which has gone from zero earnings in 1978 to contributing about half of last year's. The company insists it's not "abandoning" industrial equipment, but an executive concedes: "We're stuck with lower returns there, and you're never going to dramatically change that."

Healthier machinery companies have kept their product mix as varied as possible. There is Illinois Tool Works, for instance, which makes packaging equipment, precision tools and industrial components. "With a product group that goes across the board, they shouldn't get stung on all fronts at once," says Richard Sanderson of Investors Diversified Services.

It takes financial strength to diversify, of course, and only a handful of manufacturers have it. But these finan-



Research-Cottrell's New Mexico chemical processing plant

It's known as a maker of pollution control equipment, but about half of profits come from energy services.

cially solvent firms are in a powerful position—they can make it through the bad times and build in anticipation of the next upturn. Take Cross & Trecker. In June it unveiled new vertical machining centers—metal-cutting machines set on a vertical axis. "The vertical market is a good one to enter," says Vice President Leon Musser, because the comparatively low price of the machines attracts a broader customer base. "We had dropped out of it five years ago when we were saddled with outdated equipment." In the middle of the recession, then, C&T has been able to invest in brand-new competitive products. That's the kind of advantage a strong balance sheet can give you.

There are other financially sound companies. Briggs & Stratton and Illinois Tool Works have virtually no long-term debt. That's where the optimism is—where the money is. The industry's heavyweights can almost taste the demand for capital goods exploding when the economy turns around. After all, this has happened before. So some companies are boldly adding capacity in the depths of the trough. Says Cross & Trecker's Musser: "We might have added a little too much in 1981. But in this business you are either too late or never on time."

These healthy companies may come out on the other side not just healthier, but bigger. Says Morgan Stanley's John Mackin, "We don't think the mergers and acquisitions game is over yet."

For weaker companies, though, the situation is ominous. Just as with construction, mining and transportation equipment makers *(see p. 151)*, machine tool companies can't expect the new tax plan to bail them out no matter what benefits accrue to the overall industry. And even those that survive this downturn may find that a buoyant economy brings scant comfort. Imports now account for at least 30% of new machine tool orders. Even more unsettling is that, historically, Japanese companies such as Toshiba and Fujitsu Fanuc have made their biggest headway when demand is strong—just as the Japanese have done in industries like semiconductors. With 80% of the 400-odd machine tool companies in the U.S. standing at less than $50 million in annual sales, the possibilities for foreign growth seem distinct.

But the status quo is no bargain either, and if most small manufacturers could pick their poison, it's a fair bet they would take their chances with foreign competition and opt for a healthy economy. And soon. ■

Industrial equipment and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Production equipment												
Cross & Trecker	25.7%††	**1**	26.5%	0.1	24.2%	**1**	23.7%††	10.1%	19.3%‡	**1**	36.4%‡	**2**
Sundstrand	22.1	**2**	23.0	0.4	15.8	**6**	14.4	9.0	13.1	**10**	22.3	**3**
Briggs & Stratton	21.7	**3**	9.7	0.0	9.3	**2**	21.2	4.1	13.4	**9**	9.5	**11**
Cincinnati Milacron	21.0	**4**	15.0	0.3	11.6	**4**	14.4	5.2	12.6	**11**	39.6	**1**
CBI Industries	20.4	**5**	21.7	0.0	17.7	**3**	16.5	9.8	6.8	**14**	11.7	**10**
Parker-Hannifin	18.1	**6**	17.1	0.3	13.3	**5**	14.4	5.7	18.7	**2**	13.0	**8**
Norton	17.1	**7**	15.5	0.3	12.3	**7**	14.0	6.1	16.5	**3**	16.0	**6**
Harsco	17.1	**8**	16.1	0.4	12.3	**8**	13.9	5.0	14.5	**7**	12.0	**9**
Midland-Ross	15.5	**9**	11.3	0.4	8.5	**9**	12.0	3.4	14.5	**6**	15.2	**7**
Ingersoll-Rand	14.9	**10**	15.1	0.5	10.2	**11**	11.1	5.2	13.8	**8**	6.8	**13**
Eagle-Picher Inds	14.6	**11**	10.2	0.4	7.6	**10**	11.5	3.5	10.2	**13**	7.8	**12**
Acme-Cleveland	13.7	**12**	9.1	0.6	7.4	**12**	10.4	2.7	15.1	**5**	19.1	**4**
H K Porter	11.7	**13**	3.5	0.5	5.0	**13**	9.1	0.9	15.2	**4**	16.5	**5**
Chic Pneumatic Tool	7.5	**14**	3.7	0.7	4.5	**14**	7.7	1.3	11.2	**12**	–3.6	**14**
Medians	**17.1**		**15.1**	**0.4**	**10.9**		**14.0**	**5.1**	**14.2**		**14.1**	
Specialty equip, materials												
Trinity Industries	29.1%	**1**	32.6%	0.6	22.8%	**1**	22.1%	6.4%	20.9%	**6**	25.1%	**3**
Cooper Industries	24.6	**2**	21.6	0.3	21.2	**2**	21.6	8.0	30.7	**1**	23.9	**4**
Foster Wheeler	24.4	**3**	22.0	0.1	19.6	**3**	20.3	3.7	13.6	**14**	26.9	**2**
Tyler	22.5	**4**	25.1	0.6	17.5	**6**	16.2	4.5	14.9	**9**	16.1	**12**
Harris Corp	21.1	**5**	20.8	0.3	13.7	**8**	15.9	6.6	18.5	**7**	32.1	**1**
Ametek	21.0	**6**	20.4	0.4	14.3	**7**	16.1	5.9	12.2	**20**	13.4	**16**
Combustion Engineering	19.7	**7**	21.3	0.2	13.8	**17**	12.9	3.6	13.6	**15**	19.2	**9**
Big Three Industries	19.4	**8**	21.8	0.3	16.2	**10**	14.8	13.0	25.9	**4**	23.7	**5**
Tecumseh Products	18.7	**9**	19.0	0.0	19.0	**4**	18.7	7.1	9.5	**23**	12.3	**19**
Illinois Tool Works	18.5	**10**	15.2	0.0	14.8	**5**	17.9	9.1	12.9	**17**	14.5	**14**
Zurn Industries	17.9	**11**	18.0	0.3	12.9	**19**	12.8	5.1	8.3	**26**	21.3	**6**
Wheelabrator-Frye	17.6	**12**	13.2	0.3	9.6	**13**	14.0	4.5	28.6	**2**	19.3	**8**
Stanadyne	17.5	**13**	18.6	0.2	15.2	**11**	14.7	5.3	13.3	**16**	10.7	**20**
Emhart	17.0	**14**	12.6	0.1	11.2	**12**	14.3	3.2	26.9	**3**	12.5	**18**
General Signal	16.5	**15**	16.9	0.1	15.7	**9**	15.3	6.9	22.1	**5**	18.2	**10**

Note: Explanation of Yardsticks calculations on page 51.
††Three-year average. ‡Four-year growth.

Here comes R2D2

Can robots and automated machining systems rescue the savaged machinery business? Maybe not by themselves. But a big market is projected by 1985, and a few companies—Cross & Trecker, Cincinnati Milacron, Acme-Cleveland, Giddings & Lewis and Ex-Cell-O—are getting ready for it.

Some studies say automation will be 40% of capital spending by industry in 1985. The U.S. is far behind. Analysts say Caterpillar Tractor is the leader among big U.S. companies—about 10% of its machine tools are computer controlled. But according to *American Machinist,* the average among all U.S. businesses is less than 2%.

So there's a big future need to fill, and the leaders are gearing up. Cross & Trecker has built an 87,000-square-foot plant to increase its manufacturing capacity by 30%. Acme-Cleveland will spend $4.5 million on R&D for automated systems in fiscal 1982.

A machine tool maker must be not only farsighted but also financially strong to do that now: A recession is hardly the time to expect companies to make the considerable investment required. "Demand right now is in the pits," concedes Bernard Howaniec, a Cross & Trecker product manager. "This will be a crummy year," says Mitchell Quain, a machinery analyst with Wertheim & Co. "Until operating rates move higher, few companies can afford to buy these nifty products."

What will it do for productivity? A lot. About 75% of U.S. metalworking, for example, is still highly inefficient. It's often a case of one man working one machine. Flexible manufacturing systems—automated machines controlled by a central computer—could mean huge increases in efficiency. But those systems are expensive. Says one executive, "There are less than 100 such systems in the world," and they cost $5 million to $10 million each.

Production of all robots—machines with built-in controls capable of stand-alone operation—is now a $130 million-a-year industry, growing fast—about 50% a year, according to some estimates. Cincinnati Milacron began to offer robots about five years ago, and analysts estimate it has invested $4 million a year in R&D. CM's robot sales, about $40 million last year, are only about 5% of total revenues. With growth rates of 40% or so, the percentage should climb.

But in that promising market will be a familiar competitor—the Japanese, who now have about 30% of the U.S. computerized machine tool market.—**Anne Field**

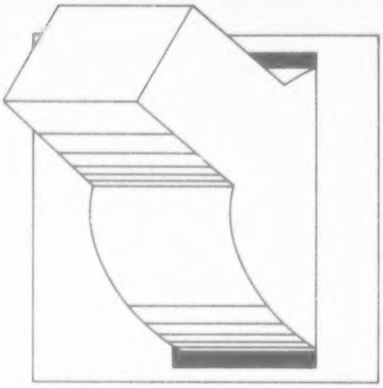
Industrial equipment and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Dennison Mfg	16.3%	**16**	16.2%	0.2	14.0%	**14**	13.8%	5.2%	14.1%	**13**	12.9%	**17**
Rexnord	15.0	**17**	9.9	0.5	7.5	**22**	12.2	3.3	14.2	**12**	9.4	**23**
Signode	14.6	**18**	10.2	0.1	8.6	**21**	12.3	4.5	12.0	**22**	9.8	**22**
Ex-Cell-O	14.5	**19**	14.6	0.2	12.3	**16**	13.2	4.9	18.4	**8**	15.8	**13**
Timken	14.2	**20**	12.7	0.0	11.8	**15**	13.2	6.8	12.6	**18**	10.3	**21**
Foxboro	14.1	**21**	11.7	0.1	10.9	**18**	12.8	5.8	14.3	**11**	17.1	**11**
Avery International	14.1	**22**	12.7	0.4	9.8	**23**	10.3	3.5	14.8	**10**	13.4	**15**
Stewart-Warner	13.0	**23**	9.6	0.0	9.4	**20**	12.8	5.1	6.3	**29**	6.3	**24**
Amerace	12.3	**24**	9.9	0.5	6.7	**26**	7.7	3.0	7.7	**27**	2.8	**26**
UMC Industries	12.1	**25**	10.3	0.7	7.3	**24**	10.1	3.2	9.4	**24**	3.1	**25**
Research-Cottrell	10.7	**26**	10.3	0.3	8.6	**25**	10.0	2.2	12.6	**19**	19.4	**7**
General Refractories	def	**27**	def	0.6	def	**27**	0.4	def	8.9	**25**	P–D	**27**
Envirotech	def	**28**	def	0.3	def	**28**	def	def	7.6	**28**	P–D	**27**
Peabody Intl	**		def	0.4	def		**	def	12.1‡	**21**	P–D	**27**
Medians	**16.8**		**14.6**	**0.3**	**12.3**		**13.5**	**4.9**	**13.6**		**13.4**	
Industrial services												
Gelco	27.6%	1	31.7%	6.3	9.1%	5	8.0%	6.0%	50.8%	1	34.9%	1
Waste Management	22.9	2	23.7	0.3	17.5	1	15.5	10.7	25.1	2	30.4	2
Anixter Brothers	19.0	3	27.8	0.5	21.3	2	14.1	4.2	17.2	3	22.8	3
Browning-Ferris Inds	16.8	4	20.3	0.5	13.1	4	10.9	7.0	12.6	4	16.5	4
Allied Maintenance	14.1	5	16.4	0.0	15.9	3	13.7	1.9	10.9	5	4.9	5
Medians	**19.0**		**23.7**	**0.5**	**15.9**		**13.7**	**6.0**	**17.2**		**22.8**	
Industry medians	**17.1**		**15.4**	**0.3**	**12.3**		**13.8**	**5.1**	**13.7**		**14.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡Four-year growth. P-D: profit to deficit. def: deficit. **Not available; not ranked.

Rising energy costs are an onerous burden to most companies. Why are they such a boon to the electrical equipment industry?



Electrical equipment

By Laura Rohmann

KNOWN FOR ITS consistent growth and rigorous planning system *(see* FORBES, *Mar. 20, 1978)*, St. Louis-based Emerson Electric Co. recently completed its 24th consecutive year of earnings growth. As some of its larger competitors diversify into areas outside the industry, Emerson's youthful chairman, Chuck Knight, 45, is keeping his emphasis firmly on electrical equipment.

FORBES talked with Knight about the recession and his hopes for the industry in 1982.

How does Emerson plan to maintain its growth record through the recession?

Knight: You know, it's funny—we've been getting ready for this recession for two years now. I thought that it was coming in 1980. Now I think we're into an important recession for the next six to nine months. But we are still expecting to outperform the economy. Throughout 1982, I expect energy-related, process control and government businesses will continue strong. Those are backlog businesses for the most part, and they are in pretty good shape. In fact, government and defense will have record years in 1982. So will the process control and energy-related businesses.

How about the rest of the industry?

Knight: Everybody is going to find it very tough in the appliance, consumer, tool and housing markets. We're going to find better markets in utility and capital-related businesses. Defense, energy efficiency and productivity improvement will be *the* markets for the next few years.

I also think this recession will end a little differently. I believe the recovery will start with the capital goods businesses, as a result of the new tax law. I expect the last half of 1982, with the full impact of the Economic Recovery Tax Act in place, to be a reasonable year.

What if the federal deficit keeps interest rates fairly high? Will the new tax law be enough to spur a recovery?

Knight: As long as I've been at Emerson, I've been hearing the theory about government spending crowding out business in the market for money. It just never happens to the extent that's predicted. Now it's happened somewhat this time, but we're still looking for interest rates to come

Electrical equipment

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Square D	25.5%	1	25.0%	0.3	19.9%	1	20.6%	9.3%	14.6%	6	14.8%	6
Emerson Electric	21.5	2	22.1	0.2	19.6	3	19.7	8.0	18.5	3	15.1	5
General Electric	20.6	3	19.6	0.1	18.1	4	18.0	6.1	11.6	8	12.4	7
W W Grainger	20.4	4	19.0	0.0	18.8	2	20.0	6.5	18.4	4	18.1	4
Johnson Controls	18.8	5	14.7	0.3	11.6	7	15.5	4.3	24.9	1	23.0	2
Raychem	17.7	6	16.7	0.1	14.8	6	16.3	7.4	24.1	2	30.1	1
Harvey Hubbell	17.2	7	18.1	0.0	15.9	5	16.7	7.7	15.8	5	11.4	8
Westinghouse Electric	15.0	8	17.4	0.1	15.4	8	12.8	4.9	5.7	10	18.3	3
McGraw-Edison	13.2	9	11.8	1.0	9.5	9	12.2	2.7	13.5	7	10.5	9
Robertshaw Controls	10.1	10	9.2	0.4	7.8	10	8.2	2.8	10.1	9	7.0	10
Industry medians	**18.3**		**17.8**	**0.1**	**16.2**		**16.5**	**6.3**	**15.2**		**15.0**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

down slowly in 1982. There may be a leveling period in this drop, when short-term debt is converted to long-term debt. And I expect interest rates to come down *very slowly*, which is why I don't expect housing to lead the recovery. But I expect the Economic Recovery Tax Act will offset the slowness of the interest rate fall, and together they will spur capital spending.

And don't misunderstand me. Right now, nonresidential construction spending and capital goods spending are not good, but they're not bad, and they may never get bad. So I expect these two areas to provide a stabilizing force through 1982 or to lead the recovery in the second half of 1982.

I also expect consumer spending to come back in late 1982. I think there's a pent-up demand for replacement of consumer durables. That will add to the recovery. It isn't just the capital spending strength that will do it. It has to combine with other factors.

How important will defense work be to the industry's strength?

Knight: Some companies are not in defense work at all, but for those who are, their defense businesses will have excellent years. The new defense budget provides for a real increase in spending and a couple of new programs. We're looking for a good market for the next five years. But keep in mind, at Emerson, for instance, only 8% of our total sales are in defense. And that's characteristic of the rest of the industry. So defense is just a help, it's not a dominating thing.

You said earlier that you expect process control to be a strong business in 1982. For what reasons, and how long will that market remain strong after 1982?

Knight: I continue to be amazed by the fundamental strengths of the energy-related process control business. We're bidding on some major new projects now, and all of them depend on the efficient use of very valuable commodities, like oil. These people have money to spend and they're going to spend it. The process control business is coming from all industries where they are trying to conserve energy and improve production efficiency. They want to maximize output at minimum cost, and I see no slacking in that demand in 1982.

As for future demand, these people are upgrading process control systems that may be relatively unsophisticated. And they're upgrading based on returns. So as long as it's cost efficient to upgrade, the market will last. But I'm not enough of a clairvoyant to know exactly how long that will be.

The electrical equipment industry outperformed Forbes' *all-industry performance median by a few percentage points this year. Why has this been such a healthy industry?*

Knight: Those companies are really good companies, all well managed, and they've all done a good job over the years of diversifying in the business. And, of course, all of us have benefited from being in good markets, but we've also done our best to insure that we were. Some of us were heavily into utilities work, and that market has been no good in the last five years. Some of us were in nuclear work, and, of course, the domestic nuclear business has disappeared. And look at housing. End-point to end-point, it has not been a very exciting market. But we've gone into stronger markets within the industry, like defense and energy. And if capital and consumer spending recover next year, as I expect they will, I think, on the average, the electrical equipment industry will outperform the market or the all-industry performance average again.

We're into an important recession for the next six to nine months. But we are still expecting to outperform the economy. Throughout 1982, I expect energy-related, process control and government businesses will continue strong.

Over the years, Emerson has made many acquisitions and moved into these stronger market areas, but you haven't diversified into areas outside the electrical equipment industry.

Knight: No, and I doubt that we will. We want to stick to our knitting, do what we know best. But in all our strategic planning we try to inch the company into faster-growing areas. If you look at our acquisitions, you'll see we've tried to position ourselves in higher technology areas and in areas related to energy conservation and development. While none of those acquisitions by themselves are big moves, when you add them up you can see where we are heading.

What do you think of some other diversification in the industry?

Knight: Obviously, the one move we've all seen is the move to electronics. But we're all affected by it. At least 50% of Emerson's businesses are related to electronics. For example, almost all our process control and more than 50% of our government and defense work are directly related to electronics. Almost all industrial drive and control equipment has some electronic content. Even bench products and tools now have electronic content. It's a rapidly expanding thing, so I don't consider that a diversification outside of the industry.

Do you anticipate any increased competition in the industry?

Knight: Well, we may see increased offshore activity in some of our markets, but not to the extent that certain other industries have seen it. There's a lot of industrial and commercial orientation to the business. You go through distribution systems that have been long established. There's a lot of engineered content and application engineering in the product.

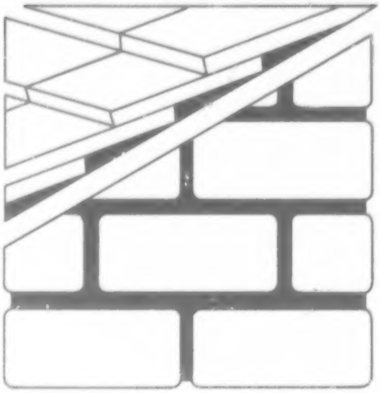
But don't you have those same factors in electronics and other industries where we have seen increased offshore competition?

Knight: In those cases, some of the economies of scale got very important. And there may be no opportunity for those economies in some of the equipment areas. But offshore competition is a concern in some areas and we watch it closely.

We were in consumer electronics, and it was a very serious threat. We ended up selling our major business, Fisher Radio Corp., to a Japanese company. In process control, there are some very fine Japanese and European competitors. But I don't think any fundamentals exist that would permit offshore competitors to get a major advantage. As long as we spend money on R&D and do a good job in controlling our manufacturing costs and our quality levels, there's no reason why we shouldn't be able to maintain our competitive advantage in this marketplace.

I feel very optimistic about the electrical equipment industry in the 1980s. If the Administration will stick to its guns and not fold under the pressure of high unemployment rates, high interest rates and the recession we're in, if we can soak inflation out of this economy, we'll probably see a slow but steady recovery in the early 1980s and very strong markets for our fundamental businesses. I think there will be a real boom in capital equipment, especially on the productivity side. The fundamentals are getting in place for us to have a solid five years for our industry. ■

If your company can survive a "slump" that has persisted for the past three years, it can probably survive just about anything.



Building materials

By Jonathan Greenberg

THIS THING AIN'T gonna last forever," says Frank Herbert cheerfully. "At 14% [mortgage loan rates], we'll be back in business. There's a pent-up demand for 2 million housing starts a year for the next ten years."

Herbert is senior vice president of Jim Walter Corp., the big [1981 sales, $2 billion] building materials and natural resources company. His is the cheerfulness born of stoicism. After all, the housing "slump" has been going on since November 1978. If it goes on another six months or eight months or another year, what then? Well, the survivors will go on surviving. For them, prosperity is a happy memory. By now, the companies that make lumber, gypsum, roofing materials and glass are lean and mean.

Look what has just happened to them. Compared with 1980, which was bleak enough, 1981 was a disaster. Housing starts, at about 1 million, hit their lowest level since 1946. Thus the industry talks about recession not in the present or future tense, but as something that has been around for a long time. "You've got to look at how deep this recession has been," says Herman J. Smith, president of the National Association of Home Builders. "In housing it started 36 months ago and has grown progressively worse ever since."

What to do? To keep volume up in a declining market, many building materials companies, especially regional suppliers, cut their prices. So, despite inflation's pushing up their own costs, manufacturers of roofing, cement and gypsum, such as Jim Walter, Lone Star Industries and Manville Corp. had to slash their prices by about 10%. Result: Margins shrank paper-thin or disappeared. At Manville, for example, roofing products operations earned $7.76 million in the first nine months of 1980—but lost $12.4 million in the same period in 1981. Some other Manville product lines were down over 25%, and per-share earnings were off 50% from last year. That's a precipitous four-fifths drop since the prosperous days of 1978.

Even diversification can boomerang. Jim Walter has spent $284 million since 1978 developing its six coal mines. The company's earnings plunged 80% last year, partly because of a 50% rise in annual interest expense. Still, says Herbert, the diversification will pay off eventually. Says he: "It's changing our very nature from a building materials company to a natural resources company."

Virtually the only building material shielded from the downswing has been fiberglass. That's why Owens-Corning Fiberglas, the leading manufacturer of glass fiber products, registered a 30% earnings gain in the first three quarters of 1981. With energy costs rising, more insulation is going into new homes, and homeowners are reinsulating old ones.

In commercial construction, says Carmine J. Muratore, executive vice president of cementmaker Lone Star Industries, there is a backlog of demand that was stopped virtually in its tracks in early 1980. "Because of the abruptness in the way interest rates rose, you had a complete stoppage," Muratore says. "There's a very significant underlying desire just waiting out there."

"Underlying desire"? Sounds suspiciously like pent-up demand—the building materials companies' favorite term. But, in fact, that pent-up demand should not be taken for granted. For example, housing "may not auto-

Insulating a home to cut energy costs
Nothing but the bare necessities.

matically be back in business at 14%," in the view of some experts. "There is tremendous pressure on savings and loans to diversify into investments other than home mortgages, like consumer loans," says Goldman, Sachs analyst Morris Mark. "It will be more difficult to get mortgage money than it would have been at a comparable point in the interest rate cycle previously, and you'll have to pay a higher rate. You can't look to housing to lead us out of the recession."

Maybe not, but you may have a hard time convincing someone like Graham J. Morgan, CEO of U.S. Gypsum Co. Morgan has been in this business for 42 years, and he's confident the dam will break sooner or later. He has cut his payroll by 2,500 workers in 18 months and slashed inventory and new capital commitments "to get rid of all the fat." Now he's looking ahead. When the rates come down, he says, "we should experience perhaps the highest level of prosperity we've ever known." He means it. ■

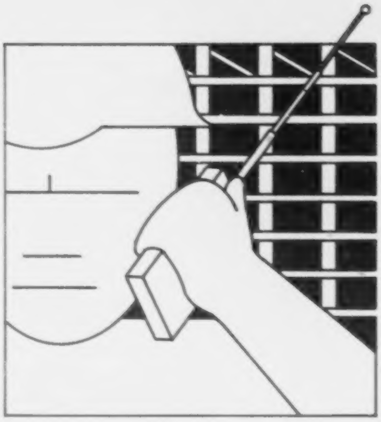
Building materials

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Lumber												
Willamette Inds	16.9%	1	9.1%	0.5	6.9%	1	12.4%	3.9%	16.8%	2	9.4%	4
Georgia-Pacific	15.8	2	9.1	0.5	6.0	3	10.1	3.7	15.0	3	9.2	5
Weyerhaeuser	15.3	3	7.6	0.5	6.3	2	10.9	5.0	11.7	5	6.6	6
Louisiana-Pacific	15.0	4	4.7	0.2	3.6	4	9.9	2.9	21.1	1	9.9	3
Champion Intl	14.0	5	8.0	0.4	5.9	6	8.7	3.4	8.8	8	5.9	7
Boise Cascade	12.9	6	9.4	0.6	6.4	5	9.4	3.8	13.9	4	31.6	1
Southwest Forest Inds	12.3	7	5.6	1.0	5.7	7	8.5	2.5	9.4	7	15.2	2
Edward Hines Lumber	5.3	8	def	0.3	def	8	5.4	def	10.1	6	–6.0	8
Medians	**14.5**		**7.8**	**0.5**	**6.0**		**9.7**	**3.6**	**12.8**		**9.3**	
Cement and gypsum												
United States Gypsum	17.3%	1	11.6%	0.2	9.0%	1	12.4%	5.1%	11.8%	2	20.3%	1
Ideal Basic Inds	16.5	2	11.2	0.7	5.4	3	10.9	8.7	11.3	3	12.1	5
Gifford-Hill	15.5	3	14.6	1.4	10.6	2	11.3	4.3	16.1	1	15.3	2
Lone Star Industries	[illegible].8	4	11.8	0.6	7.8	5	9.9	5.6	8.0	5	14.9	4
National Gypsum	13.9	5	9.2	0.3	7.2	4	10.5	5.3	8.4	4	14.9	3
Penn-Dixie Inds	def	6	def	0.7	def	6	def	def	1.0	6	P–D	6
Medians	**15.2**		**11.4**	**0.7**	**7.5**		**10.7**	**5.2**	**9.9**		**14.9**	
Other building materials												
Evans Products	17.0%	1	5.3%	1.0	4.9%	4	11.2%	1.4%	6.6%	12	37.8%	1
H H Robertson	16.6	2	23.8	0.4	18.0	1	12.8	4.3	9.2	8	16.5	3
Owens-Corning Fbrgls	16.1	3	8.6	0.4	6.7	3	12.4	2.7	19.9	1	14.9	4
Masonite	14.6	4	10.2	0.1	9.0	2	12.7	5.0	10.3	6	11.4	5
PPG Industries	14.2	5	15.5	0.3	11.4	5	10.6	6.9	11.2	4	10.7	6
DeSoto	12.9	6	12.4	0.3	10.2	6	10.3	3.5	5.3	14	16.7	2
Jim Walter	12.8	7	2.7	0.8	3.2	10	8.2	1.0	9.9	7	3.6	10
Interpace	12.2	8	9.6	0.3	7.6	8	8.3	3.7	5.6	13	10.6	7
Manville	10.4	9	3.5	0.4	4.4	9	8.2	2.6	13.6	2	7.0	8
Armstrong World Inds	10.2	10	9.8	0.2	8.5	7	8.5	4.1	8.7	9	4.6	9
Ceco	9.9	11	12.2	0.2	9.9	11	8.2	3.1	8.4	11	3.1	11
Certain-teed	8.3	12	def	0.4	0.9	12	7.1	def	10.8	5	–0.2	12
Sherwin-Williams	5.4	13	12.5	0.7	8.2	14	4.2	2.5	8.7	10	–8.0	13
Bird & Son	5.3	14	def	0.2	def	13	6.0	def	12.3	3	–18.5	14
Medians	**12.5**		**9.7**	**0.4**	**7.9**		**8.4**	**2.9**	**9.6**		**8.8**	
Building equipment												
Dover	26.7%	1	28.3%	0.1	25.3%	1	23.1%	9.3%	17.8%	2	22.3%	3
American Standard	25.2	2	21.3	0.4	14.6	2	17.2	5.4	8.0	7	29.1	1
Masco	23.9	3	22.4	0.9	12.6	4	14.5	10.0	20.5	1	18.2	4
Norris Industries	17.0	4	14.0	0.1	13.0	3	15.6	5.5	10.3	4	9.9	6
Scovill	15.6	5	9.9	0.6	8.8	6	11.6	2.2	8.1	6	28.2	2
Butler Manufacturing	15.6	6	10.9	0.2	9.5	5	12.9	4.1	10.1	5	8.5	7
Trane	13.4	7	13.2	0.4	10.0	7	10.8	4.1	12.3	3	15.1	5
Medians	**17.0**		**14.0**	**0.4**	**12.6**		**14.5**	**5.4**	**10.3**		**18.2**	
Industry medians	**14.6**		**9.8**	**0.4**	**7.6**		**10.5**	**3.8**	**10.3**		**10.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

You can't go home again, said Thomas Wolfe. The big engineering and construction companies tried it anyway. So far, Wolfe is right.



Contractors

By Anne Bagamery

"WE'RE VERY CONFIDENT the economy will pick up in mid-1982, as it's expected to do," says Winton (Red) Blount, chairman of Montgomery, Ala.-based Blount, Inc. "Then again," he adds with a rueful chuckle, "that's what we said last year."

Last year was a rueful story indeed. That's when the big American engineering and construction firms were supposed to get mountains of domestic work: $5 billion in manufacturing-plant improvements, another $5 billion in refinery upgradings, a whopping $12 billion in synthetic-fuels plants. That landslide couldn't have been better timed, since American companies have been badly squeezed by foreigners in markets they used to own in the rest of the world.

Workers on a Blount-built housing and medical development in Tabuk, Saudi Arabia

"Americans are having to earn their way overseas as never before."

But the big domestic bonanza is still aborning. Interest rates are only grudgingly giving way, gasoline demand has plummeted and the Reagan Administration has turned a cold shoulder to synfuels. Result: "We were lucky to compete for half the work we were promised," says T.J. Feehan, president of the big Brown & Root subsidiary of Halliburton Co. "We even saw a softening in *Houston*, for God's sake."

Admittedly, firms like Brown & Root, Fluor and Parsons can live comfortably off their multibillion-dollar backlogs until U.S. capital spending gets going. But only a few giant engineering companies can do that. What are the others to do in the meantime? Answer: Go back overseas to try to get the kind of mammoth engineering and construction projects that used to be American companies' stock in trade but which have been increasingly captured by the Japanese and Koreans. Now, too, the competition isn't only the upstart Asians but also big European firms such as Technip of France, Snamprogetti of Italy and George Wimpey Ltd. of the U.K.

"We've seen the end of the glory days when American companies would waltz off with any project virtually unchallenged," says one Wall Street analyst. "The Americans are having to earn their way overseas as they never have before."

What are the stakes overseas? Take the Middle East. Refining, petrochemical plants and urban development alone are expected to amount to $100 billion in contracts over the next five years. South America, pushing to develop its domestic oil and minerals industries, should account

"Everything is relative"

"The U.S. is the biggest, most robust home-building market in the world," says Houston builder Walter Armstrong. "You can't believe how good it is over here."

Wait a minute—robust? Yes, says Armstrong. He is vice president of American SCREG, the U.S. arm of France's second-largest home builder, and as he explains: "Everything is relative."

SCREG (for Société Chimique Routière et d'Entreprise Générale) is one of a dozen or more French, Japanese, Canadian and other foreign home builders moving into the U.S. Sick though Americans may think the industry to be, foreigners think it's great. Says Armstrong: "In France, land is at a premium, inflation has been 25% a year and you have to give your workers six weeks' vacation or they won't touch a nail."

Besides, he figures Americans are ready for European-style homes. "They're getting away from the traditional picture of a big house with a lot of yard and a wooden fence around it. They can't afford that anymore, so they'll have to settle for a simpler, smaller, more modularized home—just the kind the Europeans have been building for years."

SCREG entered the U.S. seven years ago by buying a smallish Houston home builder and then moved into Dallas a year later, hoping to cash in on a homebuilding boom it figured local firms wouldn't be able to supply. That was cheeky since the "local" firms are Houston-based U.S. Home and Dallas-based Centex, the two biggest U.S. builders. Still, by sticking to simple designs and low-cost construction, Armstrong, a 48-year-old native Clevelander, has seen his sales jump from $2 million to $50 million in just three years.

The Americans are taking note. Last year U.S. Home started building European-size houses in Florida in a joint venture with Société des Maisons Phénix, France's largest home builder (and 18% owner of U.S. Home). Three big Canadian developers also have single-family housing divisions in the U.S. And two years ago Japan's big Daiwa House Corp. set up its first American subsidiary, Daiwa House Corp. of Texas; its sales have gone from $2 million to over $10 million.

American SCREG's Hamlet Cherbourg in Houston

How do the foreigners cope with high interest rates? For one thing, says Armstrong, they're used to it; 20% mortgages have been traditional in Europe for decades. So American SCREG plans for periodic slumps—eliminating costly middle management, keeping sales projections low. "We don't take a really optimistic approach," says Armstrong. "That way we're often pleasantly surprised."

But although they are noticing, the big American firms don't seem overly worried by the foreign invasion so far. They figure that, when housing does turn up, there will be more than enough work to go around. They had better hope so. Remarks a Japanese banker: "Now that Daiwa House is here, I'm sure the other Japanese companies will come, too. It's only a matter of time."—A.B.

Contractors

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Heavy construction												
Parsons	29.7%	1	27.7%	0.2	24.2%	1	23.5%	3.2%	9.4%	11	26.0%	1
Fluor	24.2	2	22.0	0.1	14.1	3	18.9	2.2	31.6	3	25.3	2
Kaneb Services	23.3	3	17.3	0.6	11.6	4	13.8	9.2	37.1	1	13.5	6
Blount	19.8	4	13.8	0.8	8.5	6	12.4	1.3	11.2	10	15.8	4
Turner Construction	19.2	5	25.0	0.0	25.7	2	19.3	0.5	14.8	7	10.7	8
Morrison-Knudsen	16.5	6	14.7	0.1	13.0	5	12.9	1.8	14.4	8	20.6	3

Note: Explanation of Yardsticks calculations on page 51.

for another $25 billion. Then there are billions of dollars more in Australia, with its underdeveloped aluminum, coal and oil shale properties; the mineral-rich countries of Central Africa; and the fledgling oil industry in Southeast Asia.

Overall, the international market is reckoned at over $100 billion. True, the U.S. domestic market is about the same size. But margins can be twice as high overseas, and the market is still largely untapped. Tapping that market, though, once taken for granted, is now difficult. U.S. companies once had a clear technical advantage. "We used to be able to march on the scene and declare, 'Hi, we're the great Brown & Root, and we have the best drilling rig in the world,' " says B&R's Feehan. "Now, Snamprogetti has a rig that's every bit as good as ours and competitively priced." The Europeans and Asians, too, often have the financial backing of their home governments. Result: Americans have been pushed out of some markets—South America, for example—and into narrow corners of others, such as the Middle East.

"Unless the project requires very specialized expertise, which we alone possess, we're trying to stay out of very competitive markets," explains F.R. Mason, senior vice president of Raymond International. "Often there's just no way we can compete on cost."

Of course, one way to beat the competition is to join it. In the past two years, American firms have formed joint ventures with the foreigners on more than half a dozen big contracts, including the $1.7 billion University of Riyadh that Blount will build in Saudi Arabia with Bouygues of France.

"We used to be able to march on the scene and declare, 'Hi, we're the great Brown & Root, and we have the best drilling rig in the world.' Now, Snamprogetti has a rig that's as good as ours and competitively priced." Result: Americans have been pushed out of some markets.

For the most part, though, U.S. firms are dealing with the competition by trying to avoid it—concentrating on markets the Europeans haven't yet really exploited, such as Southeast Asia. But that can expose U.S. firms to a good deal more risk, since many of those untouched markets are international hot spots. Raymond International, for example, is helping build a huge aluminum smelter in Libya, and Blount is looking hungrily at Egypt. Could they be forgetting that Brown & Root and SEDCO are still out over $200 million in claims against Iran?

Not to worry, says Raymond's Mason: If anything, the U.S. firms are "paranoid" after what happened in Iran. They have taken out $500 million worth of insurance since 1979 with the government's Overseas Private Investment Corp. In fact, Brown & Root even insures small offshore projects in Mexico, just two hours away from its Houston headquarters. "I know it's hard to think of Mexico as foreign," says Feehan. "But these days we have to go to the darnedest places for work, and wherever we go we have to hold our breath." ■

Contractors

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Raymond Intl	15.9%	7	11.0%	0.3	9.5%	7	12.3%	1.6%	25.4%	4	14.6%	5
Fischbach	14.6	8	16.9	0.3	13.6	8	11.5	1.9	8.8	12	7.1	10
Dravo	11.6	9	7.1	0.3	6.9	9	10.4	1.3	13.0	9	5.9	11
McDermott	11.4	10	13.3	0.3	8.6	10	8.9	4.0	32.4	2	–0.9	12
Dynalectron	10.2	11	20.9	0.4	16.3	11	8.6	2.5	20.1	5	11.7	7
Perini	9.3	12	16.9	0.1	12.8	12	7.2	1.7	19.0	6	8.9	9
Medians	**16.2**		**16.9**	**0.3**	**12.9**		**12.4**	**1.9**	**16.9**		**12.6**	
Home building												
Centex	22.8%	1	11.4%	0.4	7.2%	3	9.9%	3.2%	21.7%	1	26.7%	3
U S Home	21.1	2	11.5	0.8	6.0	2	10.7	2.7	20.1	2	31.4	2
Ryan Homes	17.1	3	8.6	0.2	8.1	1	15.4	2.4	16.4	3	9.2	5
Kaufman & Broad	11.2	4	6.7	0.5	5.2	5	8.5	2.3	8.3	5	37.6	1
Del E Webb	10.5	5	9.2	1.2	3.0	4	9.2	2.2	9.1	4	11.5	4
Medians	**17.1**		**9.2**	**0.5**	**6.0**		**9.9**	**2.4**	**16.4**		**26.7**	
Oil field drillers												
Parker Drilling	27.0%	1	32.4%	0.6	23.4%	2	16.6%	13.6%	33.1%	1	29.4%	1
Halliburton	23.0	2	23.9	0.2	18.9	1	18.7	7.6	18.3	3	21.5	3
Santa Fe Intl	20.7	3	29.7	0.6	17.9	3	12.5	11.1	25.9	2	23.6	2
Reading & Bates	19.0	4	24.9	0.6	14.9	4	12.0	17.1	17.4	4	16.6	4
SEDCO	15.8	5	27.9	0.7	16.8	5	9.9	25.1	14.1	5	11.9	5
Medians	**20.7**		**27.9**	**0.6**	**17.9**		**12.5**	**13.6**	**18.3**		**21.5**	
Industry medians	**18.1**		**16.9**	**0.3**	**12.9**		**12.2**	**2.5**	**17.9**		**15.2**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

After all those years tied to Detroit's apron strings, asking auto suppliers to expand overseas is like asking it of a Sears supplier. But the world car will require the world supplier.

Auto suppliers

By Lisa Gross

TALK ABOUT GOING OUT in the cold: Fully 20 of the 30 major U.S. auto supply companies won't survive as pure auto suppliers past the middle of this decade, predicts Robert Orsini, vice president of Cleveland's Wm. C. Roney & Co. The restructuring required will be massive, and few of them, he says, have the money, let alone the inclination.

Indeed, some have already called it quits in auto supply. Take $2.5 billion (1980 sales) Dana Corp., for example. Although 30% of Dana's business is still in trucks and 7% in passenger cars, it no longer considers itself an across-the-board automotive supplier. Carl Hirsch, Dana's vice president of corporate planning, says Dana will concentrate in the future on components for hydraulics, electronics and mechanical transmissions—for industrial markets, not autos.

The big hurdle, of course, is that auto suppliers must soon be in business all over the world because cars will be manufactured all over the world. After all those years tied to Detroit's apron strings, that's a tough decision—like asking a Sears supplier to open plants in Belgium, Holland and Argentina. On this point, says Orsini, a good many auto supply companies "have blinders on. They're spending too much time blaming things like interest rates instead of facing up to their problems."

But farsighted companies have already made the first steps. Take $451 million (1980 sales) Sheller-Globe, whose return on equity last year was 17.5%, up from a negative return in 1980. How was it done? By cutting back capacity—Sheller-Globe can break even on a 5 million-unit yearly domestic auto production—and shutting down its tool-and-die and padded-products businesses. "We're moving into the world-car concept rapidly, and we'll be making acquisitions in the European market," says Chairman Chester Devenow.

The Bristol, Conn.-headquartered Barnes Group has been moving overseas for more than a decade, and now provides parts to companies like General Motors and W. Germany's Robert Bosch. "In the late 1960s we decided worldwide sourcing was where to be," says Chairman Wallace Barnes. "We moved into Germany, Holland, England, Sweden, France, Spain, Mexico,

Making ITT brakeline tubing in Europe

Get out into the world, or get out.

If it's good for GM, is it good for A.O. Smith?

There's a stubborn streak running through A.O. Smith Corp. Three years ago GM decided to phase out a full 70% of Smith's auto-division production by 1985. Result: The Milwaukee-based chassis builder's 1979 profits dropped 106%, to a $1.7 million loss, in 1980. After an experience like that, you would think Smith would move heaven and earth to spread its customer base.

Not at all. Smith has spent more than $20 million on a rear-axle manufacturing plant in Tennessee to supply GM (which uses Smith axles)—and Chrysler. It *is* a diversification from frames, and Smith *is* adding another customer. But it will still have 50% of its eggs in just two Detroit baskets. Says Timothy Reiland of Robert W. Baird & Co.: "Smith needs a 9-million-plus car market to return to acceptable levels of profitability." What it's likely to get is 8.5 million units at best for 1982, *maybe* 10 million in 1985. The strategy? "First of all, the frame business isn't ailing compared with 1980," says J.R. Parker, Smith's 64-year-old company president. "We're not at all pessimistic." Why? The old story: "There's a lot of pent-up demand out there."

What does it prove? Probably two things: 1) that Smith is committed—stubborn as a mule, some would say—when it comes to the U.S. auto business; and 2) that it's betting the future on one customer that has rejected it to a great degree already and another whose future is at best uncertain.—**Bess Gallanis**

Brazil and Argentina."

Perhaps the best positioned of all is International Telephone & Telegraph's $1.8 billion (1981 sales) automotive division. A full 55% of that $1.8 billion came from outside the U.S. in 1981.

ITT, of course, was accustomed to thinking in global terms because of its worldwide communications business. So it entered the auto supply business in the early Seventies by buying parts companies such as Holland's Koni Industries (shock absorbers), Italian-based IAO (mufflers, oil seals) and Higbee Industries (tubing for diesel injection systems and brakes), based in the U.S. but with plants in Germany and England.

Of course, ITT knows that auto production is still the key, wherever the market is, and the huge North American market is still the major part of it. "It will be a slow first half," says Edmund Carpenter, an ITT vice president and automotive group executive. "We're hoping for increased sales in the third and fourth quarters. But overall we're planning for a flat year, especially in North America."

Getting overseas is not the only problem. As auto companies retool, so must their suppliers. In fact, it's estimated that the suppliers must match the producers dollar for dollar: If the automakers are spending $70 billion to retool, the suppliers must spend the same. Why not wait to see how it all comes out and then retool? "I hope people who do that are all my competitors," laughs ITT's Carpenter. "It's a dangerous attitude to take."

In fact, for many companies the wisest course probably will be to try to dominate a niche in auto supplies, while diversifying a good chunk of the business into other fields. Take Motorola, for example, with less than 10% of sales now to the auto industry—microprocessors for ignitions, alternator charging systems, and sensors—and with the rest of its sales to the communications and semiconductor markets.

The world car—built of components manufactured all over the globe—is close to reality. To help build it, a brand-new breed of auto suppliers is emerging. The old breed's days are numbered. ■

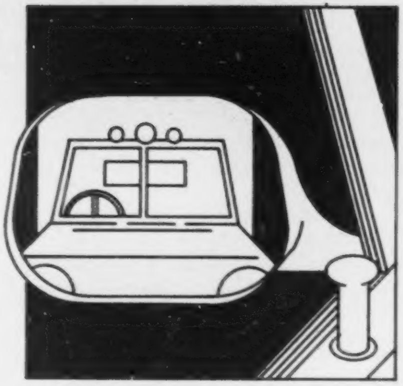
Auto suppliers

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Tire & rubber												
Genl Tire & Rubber	10.8%	**1**	12.9%	0.2	9.8%	**1**	8.3%	5.1%	7.3%	**4**	4.5%	**2**
Goodyear	9.6	**2**	9.2	0.5	7.5	**2**	7.5	2.4	9.6	**2**	4.1	**3**
B F Goodrich	8.0	**3**	7.5	0.5	6.3	**3**	6.7	2.4	9.3	**3**	9.3	**1**
Armstrong Rubber	5.8	**4**	14.3	0.8	10.6	**4**	5.2	3.0	9.7	**1**	–0.6	**4**
Firestone	0.4	**5**	7.0	0.4	6.3	**5**	1.8	2.1	6.8	**5**	–55.5	**5**
Uniroyal	def	**6**	8.0	1.0	6.1	**6**	1.3	1.7	3.2	**6**	P–D	**6**
Medians	**6.9**		**8.6**	**0.5**	**6.9**		**6.0**	**2.4**	**8.3**		**1.8**	
Parts makers												
Hoover Universal	25.5%	**1**	16.3%	0.4	11.7%	**8**	14.0%	4.4%	13.2%	**10**	13.6%	**11**
Lear Siegler	25.4	**2**	21.7	0.4	14.9	**5**	15.3	5.0	15.0	**8**	28.8	**1**
Snap-On Tools	25.2	**3**	19.5	0.2	16.9	**1**	21.4	8.5	18.2	**2**	19.6	**6**
Genuine Parts	21.1	**4**	21.0	0.0	20.2	**2**	20.5	4.8	16.1	**5**	15.5	**9**
Bendix	20.4	**5**	36.7	0.4	24.3	**3**	15.5	10.2	9.7	**18**	20.2	**5**
Federal-Mogul	19.2	**6**	17.1	0.6	10.2	**6**	14.5	4.5	12.8	**12**	20.4	**4**
Johnson Controls	18.8	**7**	14.7	0.3	11.6	**3**	15.5	4.3	24.9	**1**	23.0	**2**
Barnes Group	17.9	**8**	10.8	0.2	9.8	**7**	14.3	3.3	15.1	**7**	17.4	**7**
Dana	17.3	**9**	11.8	0.3	9.9	**9**	13.8	4.2	17.1	**3**	11.8	**14**
Purolator	15.9	**10**	25.8	0.5	17.5	**12**	12.1	4.0	11.9	**13**	4.6	**17**
Echlin Manufacturing	15.7	**11**	7.8	0.4	7.8	**11**	12.2	3.1	15.8	**6**	8.4	**16**
Eaton	14.9	**12**	8.1	0.5	7.0	**15**	10.1	2.5	13.1	**11**	8.6	**15**
Arvin Industries	14.9	**13**	10.6	0.5	7.9	**16**	9.7	3.3	10.2	**16**	12.8	**13**
Easco	13.9	**14**	16.9	0.6	11.0	**17**	9.6	2.8	13.3	**9**	3.1	**18**
Cummins Engine	13.9	**15**	20.5	0.5	13.4	**14**	10.1	4.9	16.4	**4**	15.9	**8**
Borg-Warner	13.8	**16**	13.4	0.1	12.4	**10**	12.6	5.7	9.1	**20**	14.7	**10**
Allen Group	13.3	**17**	11.4	0.6	8.4	**18**	9.4	2.5	9.2	**19**	13.5	**12**
Champion Spark Plug	12.6	**18**	6.5	0.1	6.5	**13**	11.8	3.2	10.9	**14**	–0.5	**19**
Libbey-Owens-Ford	10.1	**19**	1.8	0.4	3.0	**19**	9.0	1.0	10.3	**15**	–1.1	**20**
A O Smith	9.2	**20**	6.5	0.3	5.4	**20**	7.3	1.8	7.1	**21**	20.8	**3**
Sheller-Globe	7.6	**21**	17.5	0.8	9.8	**21**	5.9	3.7	10.0	**17**	–10.8	**21**
Questor	1.3	**22**	1.1	0.5	2.6	**22**	2.5	0.4	3.7	**22**	–22.0	**22**
Medians	**15.3**		**14.1**	**0.4**	**10.1**		**12.2**	**3.9**	**13.0**		**13.6**	
Industry medians	**13.9**		**12.4**	**0.4**	**9.8**		**10.1**	**3.3**	**10.6**		**10.6**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

Is Roger Smith whistling past the graveyard? Or is unflagging optimism simply part of every General Motors chairman's job?



Autos and trucks

By Maurice Barnfather

THE U.S. AUTO INDUSTRY has collectively lost $5.5 billion over the last two years, and it may lose another $1.4 billion this year. Sales barely staggered past 6.3 million vehicles last year, compared with 1978's peak of 11.3 million, and the automakers are now girding for a wages and benefits battle with the UAW in which the union seems anything but tractable.

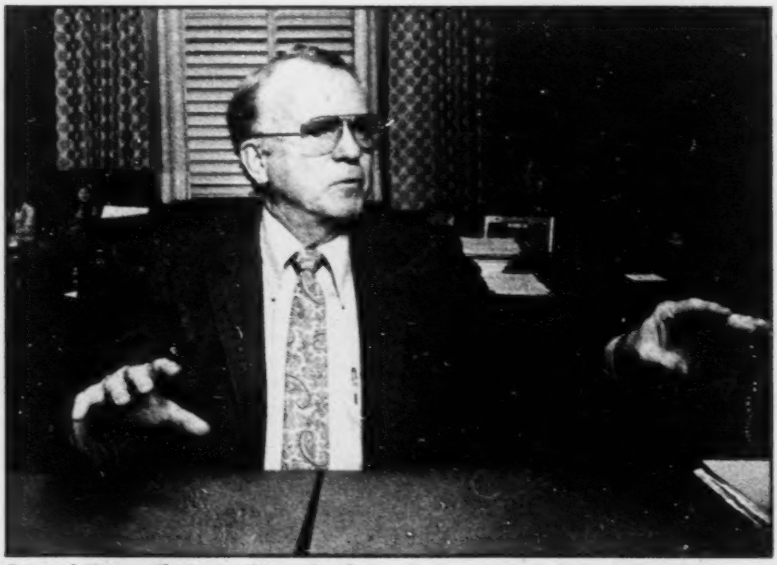
Yet optimism seems to come with the territory in the chairman's job at General Motors, where the incumbent, Roger Smith, is already talking about the return of the midsize car and the future "competitive disadvantage" the Japanese will face in the U.S. market.

Is Smith whistling past the graveyard? FORBES sat down for a chat with him to find out. We began by asking when he thought auto sales would turn up.

Smith: We expect a 50% increase by 1985 from our current depressed levels. By 1990 it should be 50 million cars and trucks worldwide, about 19 million of them in the U.S.

Doesn't a forecast like that depend on whether the "pent-up demand" the auto industry talks about is really out there?

Smith: I talk to dealers and they tell me they're getting some cars in that couldn't go another 1,000 miles, cars that were held together with baling wire and Scotch tape. I don't think our car buyers have left us. They are laying back and waiting it out. We're still a growth industry. Of that I feel very confident.



General Motors Chairman Roger Smith

"It doesn't mean there aren't going to be any more big cars."

Why do U.S. manufacturers continue to build so many big cars when the market seems to indicate that U.S. buyers want small cars?

Smith: There definitely has been a shift to smaller cars, there's no question about that. Part of it is permanent. But it does not mean there aren't going to be any more big cars. About 25% of the families in America have five or more people. Consider how many of them are hauling trailers, boats, snowmobiles, motorcycles. There's still a big market for big cars. The point is not big versus small; the point is fuel efficiency. You don't have to buy a little car to get fuel efficiency. Our plan is not to force everybody down to a little car but to give fuel economy across the board.

Do you see the tide turning against small cars and back to big cars someday?

Smith: I don't think you are going to see swings back and forth. What happened was that people who were going to get small cars anyway got rushed into buying them. The guy who wanted a middle-size or larger car didn't run in. He's the one who will swing back, because he stayed out of the market. I think he's still out there, waiting for the car he wants at the fuel economy he wants and at the price he can afford. That's why I say you are going to get a lot of people into a new market.

What's holding these people back now?

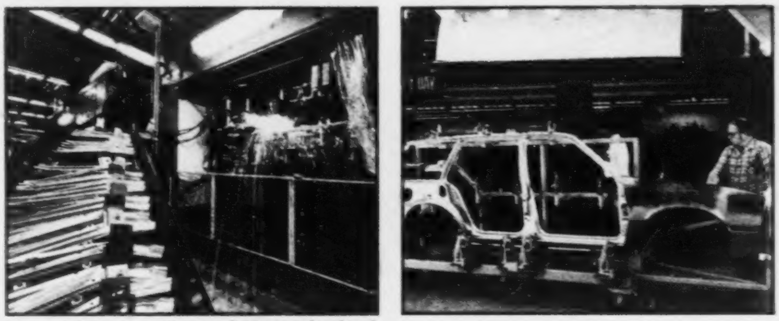
Smith: I think it's sticker-price shock, combined with the buyer's economic expectations. When the economy is moving up, a fellow says, "I don't mind buying a car on time because I know I'm going to have a job." But when he says, "I might get laid off" or "I don't know if I'm going to make as much money next year," that's when he slows down on buying. Also, we've got on our cars right now about $1,125 worth of government-mandated equipment, and our consumers don't see the value to most of that.

Are you concerned about Japanese competition in the midsize car market?
Smith: I don't think it's that cut-and-dried. We're concerned about all our competition. But if I were a Japanese producer and I got a look at General Motors' new midsize cars, I think I'd try to shift all my midsize cars to Africa. I think they're going to be at an extreme competitive disadvantage.

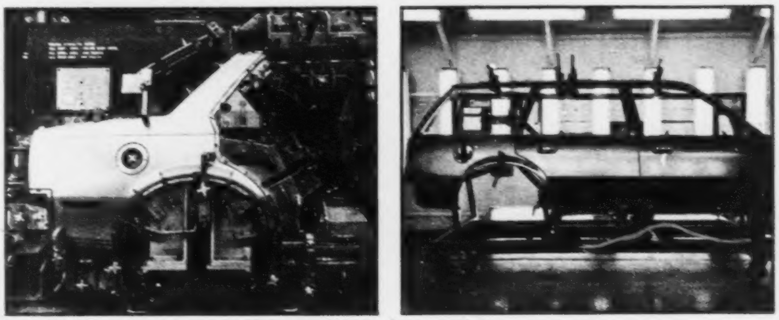
Where does GM stand with robotics?
Smith: I think we're more advanced than people may think. There's a problem of definition when you talk about robots. I can take you to one of our automated body shops where all the parts on the side of a car are put down flat on a machine that is maybe four times the size of this room. It puts them in the exact position and makes something like 100 welds—bang, right like that—instead of starting a body and adding a piece on here and a piece on there with robots.

There are smart robots and there are dumb robots. I've seen robots in Japanese plants, the kind that sneak out and make a big pinch-weld, and I've stood there and watched when, for some reason, there wasn't a car [on the line], and the old robot went out

Robot "equivalency"



Automation in a General Motors body plant
Entire side of auto body is welded by computer system.



Completed side goes to quality control and inspection
"There are smart robots and dumb robots."

Autos and trucks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Subaru of America	65.8%	**1**	57.9%	0.3	46.4%	**1**	62.9%	2.7%	45.6%	**1**	78.5%	**1**
PACCAR	23.2	**2**	14.7	0.0	13.9	**2**	21.6	4.6	15.8	**4**	21.5	**3**
Caterpillar Tractor	20.1	**3**	17.9	0.3	14.8	**4**	15.3	6.9	14.0	**6**	12.7	**5**
Hyster	20.0	**4**	9.8	0.2	8.7	**3**	16.4	5.1	13.0	**7**	24.3	**2**
Signal Companies	15.9	**5**	13.4	0.4	11.4	**6**	11.7	4.0	17.4	**2**	20.3	**4**
Deere	15.0	**6**	10.8	0.3	8.8	**5**	11.9	4.4	14.3	**5**	7.7	**7**
Fruehauf	13.4	**7**	6.7	0.6	5.2	**9**	8.6	1.6	15.8	**3**	9.8	**6**
Clark Equipment	13.4	**8**	7.9	0.2	6.8	**8**	10.5	3.5	4.2	**13**	6.7	**8**
General Motors	12.1	**9**	1.7	0.1	1.9	**7**	11.1	0.5	11.1	**8**	–0.8	**9**
Ford Motor	5.5	**10**	def	0.2	def	**10**	5.1	def	10.9	**9**	–10.4	**10**
Intl Harvester	4.1	**11**	def	0.7	0.1	**11**	4.2	def	8.4	**11**	–12.8	**11**
American Motors	def	**12**	def	0.3	def	**12**	def	def	6.1	**12**	P–D	**12**
Chrysler	def	**13**	def	5.0	def	**14**	def	def	0.9	**14**	P–D	**12**
Massey-Ferguson	def	**14**	def	1.7	def	**13**	def	def	8.4	**10**	P–D	**12**
Industry medians	**13.4**		**7.3**	**0.3**	**6.0**		**10.8**	**2.2**	**12.1**		**7.2**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

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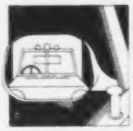


and welded anyway. On the other hand, robots are much better for jobs like painting or quality control. We probably use many more robots for checking gauging and tolerances than we do for manufacturing.

How far will interest rates have to come down before the auto market is revived?

Smith: I'd be happy to see 12% or 13% for a while. I think we have a good chance of getting there.

Are you rethinking your $40 billion capital investment program?

Smith: If you are asking whether we have made any major changes in our investment plans, the answer is no. We've never had a $40 billion program per se; we had a program that was going to cost $40 billion. There's a big difference. I'd say, if anything, we're probably going to spend more than that in order to get done what we want to do. People have to quit getting frantic every time we decide we're going to make a left turn or right turn.

For example, we knew the analysts were way off on our third-quarter results. But you don't call a press conference to say, "Hey, you guys are off." The SEC has rules about what you do and don't say to people. What they did not realize is that we had nearly twice the "down" weeks because we were changing over the big-car lines, and we had three plants start up, all brand-new, on a brand-new product.

Now people say, "Are you going to slow down on your product program or your plant spending?" I put it to you the other way: With housing construction in this country at an alltime low, in fact, this is a wonderful time to build a factory.

How much are you spending, then, in capital improvements?

Smith: We haven't really priced it out. How the $40 billion got in there was that people added up what our spending was going to be from 1980 to 1984. You could have gone 1980 to 1985 and got a different number.

Will you have to raise new capital in the U.S. in 1982?

Smith: I don't know. That depends on how much our earnings are. Our plan is to finance what we can through depreciation and the cash generated by the business. If the economy turns up and if there is an opening in the market that looks attractive, we'd probably get some [financing] just to increase our safety margin.

How do you see joint ventures with the Japanese?

Smith: Suzuki is the world's largest manufacturer of minicars, a company with outstanding quality and reliability. We can help them on emissions and safety, and they can help us by supplying a product that we can sell all over the world. Why should we put tremendous investments in on that end of the market when we can make a good arrangement with Suzuki right now? It would be very difficult for us in this country to produce a car that Suzuki can at the same cost it can.

Is the J car a disaster?

Smith: The people I judge the J car on are the dealers, and they say we have a winner and should hold on and hang tough. I can give you an argument that the worst thing that's happening to us is bringing out all these beautiful, brand-new products in a dumb market that's way down.

Why won't your new S car be launched here until 1985 or 1986?

Smith: I don't know where you get the 1985-86. Don't believe everything you read in the newspapers. I'm not going to tell you when we're going to have an S car, because our competition would love to know.

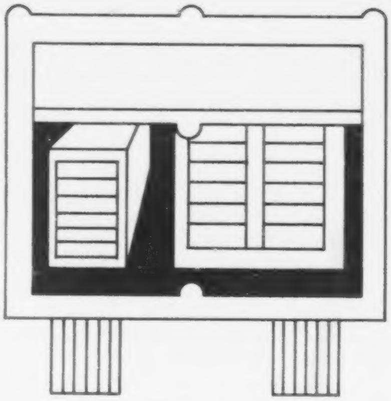
Does GM have plans to diversify?

Smith: I don't think you'll see us becoming a widespread conglomerate. I think we'll grow where our talents take us. Right now General Motors is the world's largest manufacturer of controlled computers. I'd say down the road we might be a surprising factor in robots, simply because I think we have more technology in robots right now than most of the people that are making them.

Do you think government energy policy was at the bottom of the U.S. auto industry's troubles?

Smith: Before Iran and the big oil crunches came, we had difficulty selling *small* cars. Had a more reasonable energy policy been followed in pricing, we could have made this transition over a period of time without the trauma and shock we're all going through right now. But I've got to say that, in some respects, maybe it all hasn't been so bad for us. It certainly got us turned around faster than we would have ordinarily. ■

Is the new chairman of the ICC trying to slow down deregulation of the trucking industry by crossing every "t" and dotting every "i"? It certainly looks that way.



Truckers and shippers

By Beth Brophy

"BUM RAPS, BUM RAPS!" Reese Taylor Jr. is ordinarily a congenial sort, but the new chairman of the Interstate Commerce Commission was more than a little nettled by the question: Is he slamming the brakes on trucking deregulation? After all, his appointment has been widely regarded as President Reagan's political payoff to the Teamsters, with whom deregulation is about as popular as the FBI.

"I have no Teamster connection," Taylor insists vehemently. "Most of my labor relations practice was spent representing management and fighting the Teamsters. My biggest problem is the misconception of the Motor Carrier Act of 1980. Anything I do is perceived as a step backwards."

Misconception? "It's a misnomer to call the act the 'deregulation' law," says Taylor. "Congress didn't intend total deregulation." What sets him apart from his predecessor, Darius Gaskins, a committed deregulator, is a "stricter interpretation" of the 1980 law, Taylor says. The commission was too liberal, he contends, in granting operating licenses, sometimes giving truckers more operating authority than they sought or could handle. Of course, that "stricter interpretation" sounds ominously like even more regulation.

Taylor also says he will look for "predatory" pricing, another major shift from the laissez-faire attitude

Truckers and shippers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Truckers												
RLC	28.3%	1	13.6%	1.3	8.7%	4	10.8%	4.0%	11.5%	9	52.9%	1
Consol Freightways	24.7	2	36.3	0.3	27.1	2	19.5	9.5	14.8	5	22.6	3
Leaseway Transportation	22.7	3	18.9	1.1	10.1	5	10.6	4.5	13.4	7	14.2	5
Ryder System	22.5	4	19.3	1.5	8.6	6	9.8	3.7	20.6	2	36.8	2
Roadway Express	22.2	5	23.2	0.0	22.0	1	21.0	6.6	16.3	3	14.3	4
Yellow Freight System	15.4	6	9.8	0.2	6.8	3	11.2	2.1	15.6	4	3.3	7
Allied Van Lines	10.5	7	19.0	0.4	12.7	7	7.9	0.6	12.3	8	8.0	6
McLean Trucking	8.0	8	def	0.5	1.6	8	7.2	def	14.6	6	–8.7	8
Telecom	2.4	9	def	2.5	def	9	5.1	def	31.9	1	–19.7	9
Medians	**22.2**		**18.9**	**0.5**	**8.7**		**10.6**	**3.7**	**14.8**		**14.2**	
Other surface transportation												
Natomas	25.3%	1	23.8%	0.5	17.0%	1	17.3%	15.9%	35.5%	1	24.3%	1
Transway Intl	16.9	2	13.3	0.2	11.7	2	13.7	3.3	8.2	3	8.8	3
Moore McCormack Res	15.5	3	14.5	0.9	8.1	5	9.1	6.7	19.3	2	13.9	2
Greyhound	13.9	4	16.2	0.5	11.7	3	10.1	2.9	5.4	5	6.8	4
Alexander & Baldwin	13.7	5	10.8	0.5	7.6	4	9.9	9.3	7.8	4	6.3	5
Seatrain Lines	def†	6	NE	NE	**	6	2.3†	**	**		**	
Medians	**14.7**		**13.9**	**0.5**	**11.7**		**10.0**	**6.7**	**8.2**		**8.8**	
Industry medians	**15.5**		**14.5**	**0.5**	**9.4**		**10.1**	**3.9**	**14.7**		**11.4**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. def: deficit. **Not available; not ranked. NE: negative equity.

that formerly prevailed at the ICC. "We're the referees on the football field," he says. "We can't lie down if we see blatant abuses." ICC examiners have turned up cases of discounts offered only to big shippers, he says. "The Act wasn't passed to benefit only a Sears, Roebuck or a General Electric," he says. "The quickest way to get re-regulation is to set up the ball game so only the big guys make it. Then in three to five years someone will come charging in on a white horse and say we have to re-regulate. I'd like to avoid that."

In fact, says Taylor, all tariffs will come under increased scrutiny. "Just because something is filed as a tariff doesn't mean it's not an illegal rebate. Not to check it is as ridiculous as the IRS' deciding not to audit any tax returns," says Taylor.

But can't the free market take care of excessive rates? Can't shippers take their business elsewhere? "Once a rate has been filed with the ICC," says Taylor solemnly, "it's like the Good Housekeeping Seal of Approval. The rate does not get challenged."

Cracking down on the thousands of uninsured truckers is another of his enforcement priorities. Taylor cites several unauthorized routes operating between Las Vegas and Los Angeles. "We're going to pick out representative routes and make an example of them." He's worried, too, that "double-layer" insurance requirements for hauling hazardous wastes are largely ignored.

To be sure, Taylor says he would like to see the ICC gain more credibility with the independent owner-operators who assume that the ICC is on the side of the big wheels in trucking—the big American Trucking Association and Teamster-staffed firms. He also wants to eliminate outdated and unnecessary rules—simplifying ratemaking, motor carrier mergers, loss and damage claims and the leasing of motor vehicles.

In Taylor's view, the big problem facing the trucking industry this year is the economic downturn, not regulatory matters. "Some truckers have told me their traffic is down to 75% of 1979 levels," he says. Industry tonnage for 1980 plummeted to its lowest level since 1967. Almost one-third of the 100 largest carriers suffered losses in 1980. Freight tonnage plummeted 16% for the 20 biggest trucking companies, and revenues were up only 2%. The American Trucking Association says that of a group of 338 companies with revenues of more than $1 million it has been tracking since 1974, bankruptcies and mergers have left only 220 intact. As truckers struggle to compete openly since the 1980 law, they are chasing fewer truckloads of goods.

New ICC Chairman Reese Taylor Jr.
Deregulation is a misnomer.

Of course, good times and bad are the breaks of the game. The question is, how committed to the free market is Taylor, a former law partner of Senator Paul Laxalt (R–Nev.), one of Reagan's closest advisers. Phrases such as "stricter interpretation" and "predatory pricing" sound suspiciously like code words for dampening free competition. In fact, says a Senate Commerce Committee staffer, "We've heard several complaints from truckers in Nevada and Nebraska whose operating authorities have been pulled back or who have been denied broader routes." Also, although Taylor has thrown independent truckers a bone in the form of the fuel surcharge pass-through, the commission is still dragging its feet on a proposed ruling to allow owner-operators to lease their equipment—with drivers—directly to shippers, cutting out the licensed carriers and their fat commissions entirely (FORBES, *Apr. 13, 1981*).

No ICC chairman, probably, could stop deregulation in its tracks. It's an idea whose time clearly has come. Also, there are still four vacancies on the seven-person commission. The still-unconfirmed Republican nominees are former ICC staffer Malcolm Sterrett and Indiana businessman Frederic Andre; Democratic names currently being floated are Joseph Simmons III, an Amerada Hess vice president, and Thomas Domencich, a transportation economist. Andre is an avid deregulator, and some of the others may not share Taylor's penchant for crossing every "t."

But Taylor obviously could slow the unshackling of the trucking industry. On the record so far, it looks as if he intends to try. ■

Freedom's child

In 1972 the company I used to work for applied for an operating authority to run from Atlanta to Montgomery, Ala., 160 miles away," says trucker Larry White, 38. "The company spent $150,000 on the application and waited eight years for ICC permission. That's the way it was then."

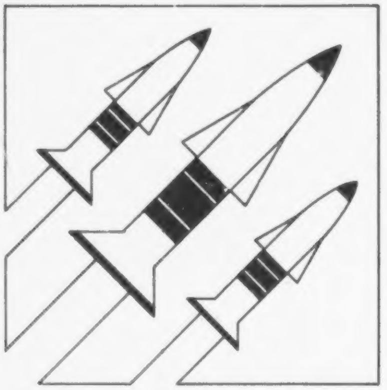
That's not the way it is now. White is president and co-owner of Whatley-White, Inc., a company he started in Dothan, Ala. in 1979 with 12 employees and six trucks on $400,000 in borrowed funds. There was an open window then; Congress was working on the deregulation bill, and enforcement of existing rules was falling apart. "There was about as much deregulation then as now," he says.

White started by running scrap metal around the South. The first year he took in $800,000 and the company has grown like a kudzu. White has 65 employees, 45 trucks, $5 million in annual revenues and expects to add 10 to 12 trucks and $2 million in revenues in 1982. With the 1980 trucking deregulation act, there are few barriers to White's ambitions. "I've applied for new operating authorities and had them in 120 days."

Headquartered in southeast Alabama, 14 miles equidistant from Florida and Georgia, White carries a variety of cargo including tobacco, children's toys, playground apparatus and steel prefabricated doors."

Will deregulation cause ruinous price wars that will drive out small truckers like White? He thinks not. But competition has increased. "We're good managers, but it's harder to stay in business." Still, in today's economy his 5% net profits are not bad: "The better carriers are faring better than they thought."—**B.B.**

America's top exporter and Europe's fast-rising Airbus Industrie are locked in a titanic battle—with distinctly nationalistic overtones.



Aerospace and defense

By John Merwin

COME NEXT YEAR, manufacturers of commercial jet aircraft aren't likely to be thumbing through 1982 order books fat with sales invoices. With many air carriers financially strapped, pacesetter Boeing is still investing heavily in its two new-generation jets, the 757 and 767, while production on its three profitable older planes is tailing off. Lockheed just threw in the towel on its TriStar, taking a $400 million writeoff. At McDonnell Douglas, the jumbo jet's future seems cloudy, even with Lockheed dropping out to leave only Boeing and MD.

MD's total DC-10 backlog is 16, and Chairman Sanford McDonnell has already warned the Defense Department that if Congress cuts back orders of the military version of its DC-10 jumbo jet, the KC-10, his operations might not be able to survive.

So don't look for any precedent-shattering news on the sales side—or on the profits side. Do look for history to be made, however, in an arena far more important than year-to-year sales fluctuations. While 20 years ago there were seven or eight major players in commercial jet manufacturing, 1982 may well be the year in which the winnowing finally stops at two. Nobody is going to knock Boeing out of the box, with its 60%-plus share of the world market. The other player? Fast rising is Airbus Industrie, the European, government-backed consortium aiming for 30% of world sales. Last year Airbus says it won just over half of all new big-airliner orders.

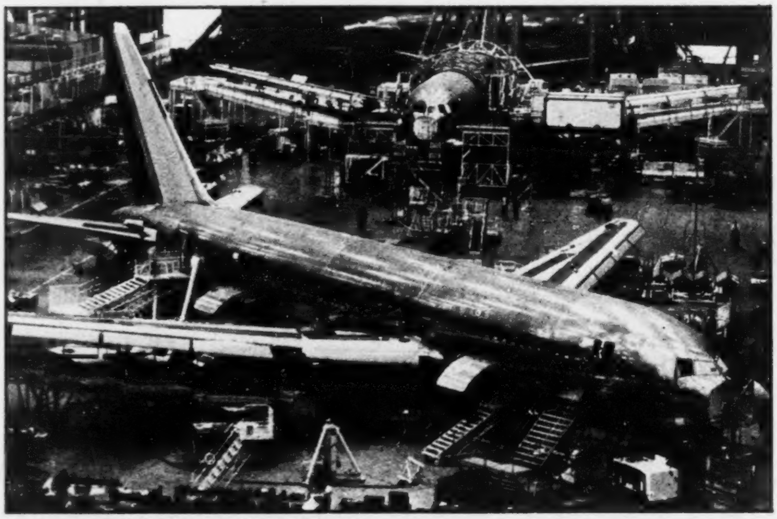
The outcome: a titanic struggle between Boeing and Airbus with intense nationalistic overtones—the U.S. versus Europe. The pattern is already clear. Airbus has sold planes to only one U.S. carrier, Eastern, and then only after "lending" the financially strapped airline four new aircraft for six months, gratis. Meanwhile Europe's big carriers—Air France, British Airways and Lufthansa—aren't lining up to buy Boeing's new aircraft because those airlines, of course, are controlled by the three big partners in Airbus, the governments of France, Britain and West Germany.

The fact is, Airbus puts out two fine aircraft, the 300 and 310. But the battle may not be decided on that basis at all. The issue is government subsidy of sales, increasingly a way of life the world over—except in the U.S. Recently the U.S. signed an agreement with France, Britain and West Germany to boost subsidized loans to 12%, but that agreement expires in September. What happens then is anyone's guess.

So Boeing is crying foul. And when Boeing howls, it gets attention. Next to agriculture, aircraft sales are the biggest U.S. export, and for years Boeing has been probably the largest single U.S. corporate exporter.

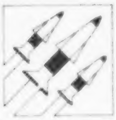
Boeing Chairman T.A. Wilson figures that during the next decade about $120 *billion* in orders will be up for grabs. And this year will be crucial: If Boeing can establish its 757s and 767s as it did the 707, 727, 737 and 747, that will carry it through the next decade or two. "Loss of the first order has long-range ramifications," says Wilson. "Airlines generally standardize on their initial choices, so winning the initial sale provides entry to follow-on business; losing it means the entire market for spares and follow-on equipment is eliminated for 15 or 20 years." For every dollar in an original sale, he says, three more follow in years to come.

The target of Boeing's howlings has



Boeing assembly plant in the Seattle area

An edge in financing, not technology, may be the key to selling.



been the U.S. Export-Import Bank, the U.S. answer—theoretically anyway—to the deep pockets of Airbus' owners. Ex-Im doesn't lend taxpayer money, but rather borrows through the Treasury and later repays the loans, plus interest. In 1980, 60% of Boeing's exports were partially financed by the Ex-Im Bank, a commitment amounting to 27% of the bank's total lending that year. But now, the Reagan Administration is trying to whack back Ex-Im's lending authority by $1.6 billion, from last year's $5.5 billion, in an effort to trim government loan programs. Grouses a Boeing marketing executive: "The U.S. is shooting itself in the foot."

While Boeing has been howling in the halls of Congress, Airbus, even without a significant toehold in the U.S., has just closed a fine year, capturing about 54% of 1981 world wide-body sales. With Lockheed folding its commercial tent, and if McDonnell Douglas falls back to producing only its updated DC-9, Airbus has an opening for even more business. Being government-owned, however, Airbus can't afford to risk a politically unpalatable boom-and-bust employment cycle. So Airbus would expand cautiously. But if that larger market share were established, Airbus likely would do anything to hang on to it, including subsidizing sales to the hilt.

What does Airbus think of Boeing's consternation over subsidized loans? "Our policy has been not to answer the accusations, and just keep on doing our thing quietly," says Pierre Pailleret, senior vice president of marketing and formerly financial vice president. "I have a list in front of me," he says from his Toulouse, France office, "of airlines to whom Ex-Im has granted credits or made commitments of funds while there absolutely was no competition from Airbus. I'm not questioning Ex-Im's practice, but I'm pointing out that we're not the bad boys some are saying we are. We're very confident that we haven't gained our 54% market share in 1981 with financial gadgets."

What about Airbus' near-total lack of penetration of the U.S. market so far? "If we weren't convinced it will change in the long run, we wouldn't keep an office in New York and keep talking to U.S. airlines," says Pailleret.

Airbus needs to sell about 650 to 700 of its two current models to break even. At present, it has sales, orders and options for about 500, so it has plenty of incentive to keep trying. Pailleret claims Airbus can break even by 1985—if that is important; outsiders question whether Airbus will ever be required to break even.

What's the solution? Boeing points out that subsidizing commercial-aircraft loans is really a zero-sum game, with neither side gaining an advantage. So why not forget the subsidized loans and let the private market finance aircraft?

The answer: Not only does Airbus fear that higher free-market rates might curtail orders, thus throwing thousands of Europeans out of work; it also knows that there's only one private market capable of long-term (15 to 20 years) aircraft financing—and that's the U.S. At present there are numerous restrictions on a U.S. financial institution's foreign investments, and with a shift in political winds, there could be more one day. You can bet that if anybody knows how chilly shifting political winds can blow, it is the patrons of Airbus—France, Britain and West Germany. Reaganomics isn't likely to make a hit in Europe. ■

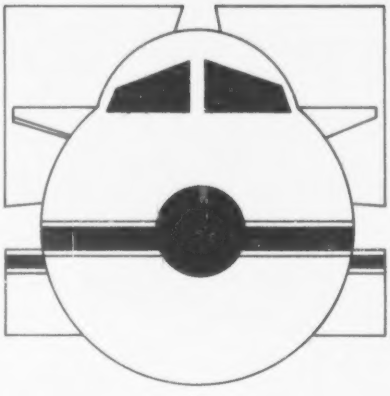
Aerospace and defense

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Computer Sciences	33.3%	**1**	18.0%	0.6	12.8%	**5**	17.4%	3.0%	20.6%	**4**	43.9%	**3**
Todd Shipyards	30.3	**2**	27.0	0.8	17.8	**9**	14.7	3.9	18.9	**5**	D–P	
Fairchild Industries	28.8	**3**	21.9	0.3	13.9	**3**	20.5	6.0	26.1	**1**	54.9	**1**
Boeing	26.6	**4**	23.4	0.0	19.4	**1**	22.8	5.4	16.8	**7**	45.1	**2**
Raytheon	24.2	**5**	23.9	0.1	22.8	**2**	22.4	5.8	15.9	**9**	24.3	**7**
Northrop	22.9	**6**	9.6	0.0	8.9	**4**	19.8	2.5	14.4	**12**	25.7	**6**
Sundstrand	22.1	**7**	23.0	0.4	15.8	**11**	14.4	9.0	13.1	**16**	22.3	**8**
Wyman-Gordon	20.5	**8**	28.3	0.2	22.8	**8**	16.4	8.4	17.8	**6**	18.8	**9**
Lockheed	19.9	**9**	17.7	2.1	10.2	**19**	9.7	1.3	8.1	**19**	7.3	**19**
Gates Learjet	19.8	**10**	19.7	0.4	15.8	**7**	16.9	3.8	23.9	**2**	9.8	**17**
E-Systems	18.6	**11**	14.5	0.1	14.7	**6**	17.3	3.9	13.6	**14**	16.5	**11**
Martin Marietta	18.5	**12**	18.6	0.1	13.0	**12**	13.8	6.5	14.2	**13**	18.4	**10**
Rohr Industries	18.2	**13**	12.6	0.9	9.6	**21**	8.2	2.0	2.1	**21**	D–P	
United Technologies	18.0	**14**	16.9	0.3	12.4	**13**	13.3	3.3	23.0	**3**	14.2	**13**
Thiokoi	17.8	**15**	14.8	0.0	11.7	**14**	13.1	4.9	13.1	**15**	15.2	**12**
Cessna Aircraft	17.4	**16**	20.5	0.1	17.9	**10**	14.5	5.7	16.7	**8**	12.9	**15**
Rockwell Intl	16.8	**17**	17.1	0.2	13.7	**16**	12.5	4.2	9.5	**18**	12.2	**16**
Pneumo	15.4	**18**	19.4	1.2	10.8	**18**	11.0	1.6	15.7	**10**	26.2	**5**
General Dynamics	14.6	**19**	14.4	0.0	10.1	**17**	11.3	2.8	15.2	**11**	13.6	**14**
McDonnell Douglas	12.9	**20**	11.9	0.1	11.8	**15**	12.6	2.8	10.6	**17**	8.2	**18**
Grumman	10.8	**21**	7.8	0.5	6.0	**20**	8.4	1.5	7.3	**20**	30.5	**4**
Industry medians	**18.6**		**18.0**	**0.2**	**13.0**		**14.4**	**3.9**	**15.2**		**18.4**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
D-P: deficit to profit; not ranked.

Forecast: Heavy turbulence, sharp downdrafts, pea-soup fog—and a patch of blue.



Airlines

By Allan Dodds Frank

BIG AIRLINES are limping into 1982 after one of the worst years in their history: Half of the major 12 carriers lost substantial amounts, with Pan Am alone losing more than $225 million through the third quarter. Overall, only American, Delta, Northwest and USAir showed much profit at all, and as a whole the industry lost millions.

More turbulence is ahead: Deregulation has unshackled low-cost regional airlines to attack markets of the high-cost majors. No one knows whether, or how much, the recession will cut into traffic. Fare-cutting wars—good for consumers, a hemorrhage for the airlines—continued right through the end of the year. The air controllers' strike has hurt, too. In fact, the long-term viability of at least one of the top ten—Braniff—is in doubt.

All this looks so gloomy that it's best to keep in mind what really is going on. The free market is at work, and out of the travails should come a stronger industry. Some analysts think the upturn will come this year.

In 1981 perhaps three-quarters of the more than 250 million passengers carried by the nation's airlines flew at prices below the posted regular fare. Rate-cutting continued through the fall, and late in the year Pan Am, Eastern and Braniff all slashed prices on such hot competitive routes as New York-Miami and Dallas-Ft. Worth-Chicago. Braniff, under its new president, former Southwest President Howard Putnam, reduced coach fares as much as 53%. Both American (which blankets more than half of Braniff's flights from their common home base of Dallas-Ft.

Airlines

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Federal Express	39.0%††	1	28.2%	0.5	18.2%	2	25.2%††	10.4%	56.9%‡	1	74.3%‡‡	2
Emery Air Freight	35.2	2	30.9	0.1	28.7	1	33.5	4.0	17.8	6	12.2	9
U S Air	26.2	3	22.6	0.9	12.6	4	12.2	5.2	16.8	8	68.5	3
Piedmont Aviation	25.3	4	27.5	1.7	11.9	5	10.2	4.8	20.7	5	20.0	6
Frontier Airlines	24.3	5	26.0	0.8	15.3	3	15.6	6.2	20.7	4	21.5	5
Pan Am World Airways	19.3	6	32.4	1.9	14.0	7	9.0	6.5	14.2	12	D–P	
Delta Air Lines	16.2	7	13.0	0.1	8.0	6	9.1	3.6	16.5	9	12.7	8
Tiger International	12.2	8	5.3	2.7	3.9	9	5.9	1.4	25.5	3	6.8	10
UAL	9.0	9	2.6	0.9	2.8	13	4.6	0.6	12.9	17	15.0	7
Trans World	8.0	10	6.4	2.0	5.3	10	5.0	1.2	13.9	14	161.8	1
Northwest Airlines	6.9	11	2.3	0.1	2.1	11	4.9	1.1	13.6	16	2.0	11
Western Air Lines	6.2	12	def	2.1	def	12	4.8	def	13.6	15	–15.3	12
American Airlines	4.0	13	def	1.5	0.7	15	3.9	def	14.6	10	47.7	4
Eastern Air Lines	4.0	13	def	2.8	0.4	14	4.2	def	14.4	11	D–P	
Republic Airlines	2.6	15	def	5.6	def	8	6.3	def	35.8	2	–31.6	13
Continental Airlines	def	16	def	1.9	def	16	2.1	def	14.0	13	P–D	14
Braniff Intl	def	17	def	6.8	def	17	def	def	17.3	7	P–D	14
Industry medians	**9.0**		**5.3**	**1.7**	**3.9**		**5.9**	**1.2**	**16.5**		**12.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
††Three-year average. ‡Four-year growth. ‡‡Three-year growth. P-D: profit to deficit. D-P: deficit to profit; not ranked.
def: deficit.

Worth) and Delta matched the Braniff cuts. "We can't imagine how anybody can make money at these fares," says an American spokesman, "but we have matched them fare for fare, flight for flight. We could lose a lot by matching Braniff, or not match it and lose a lot more."

How will the Braniff-American-Delta donnybrook shake down? "A bloodbath in the making" is how Michael Derchin, airline analyst at Oppenheimer & Co., puts it. Predicts Eli Timoner, chairman of Air Florida Systems, Inc.: "American and Delta are going to kill Braniff."

It's a cruel restructuring. The benefits? Apart from the immediate benefits to air travelers, the severe price-cutting is forcing the big airlines to tough positions they should have taken years ago on the constantly rising wage demands that have pushed the average 747 pilot's wage to $125,000 a year (top pay exceeds $165,000). Now airlines are demanding—and getting—pay reductions, wage freezes, givebacks and more hours of actual work. They are getting results. The Air Line Pilots Association, for example, abandoned its decades-long defense of three-man crews in the cockpits of all larger planes. Now United's and Western's Boeing 737s are flown by two pilots. ALPA also agreed to abide by a White House conference's interpretation that two-man cockpit crews are sufficient for the new generations of Boeing 757s and 767s. And shortly after Braniff announced its new rates, American asked its employees to accept a wage cut of 5% for the first quarter of 1982 and a wage freeze that may last all year. American also laid off nearly 500 people, continuing a reduction in force begun in 1980 that has dropped the payroll from 41,000 to 35,000.

Result: Marc Klee, portfolio manager of National Aviation & Technology Corp., thinks traffic will increase by as much as 4% or 5% in 1982 after a flat first quarter. That's a little deceiving because the base is so low; 1981 and 1980 were bad years. But Klee, along with Robert Joedicke of Lehman Brothers and others, believes that greater efficiency and fewer, more fully loaded flights on larger planes could also bring about revenue increases of up to 8% or 9%. Earnings, Klee believes, should be $300 million to $400 million this year. And, says Klee, "I expect 1983 to be a spectacular year."

Of course, Klee specializes in aviation stocks. But even "moderate optimists" like David P. Campbell, senior vice president of Wheat First Securities in Richmond, Va. predict that as many as 7 of the 12 majors will be profitable. Which seven? American, Delta, Eastern, Northwest, Trans-World, United and USAir, says Campbell. Together, he figures, they could make more than $750 million in net profits, while the five others that he believes may lose money—Braniff, Continental, Pan Am, Republic and Western—should hold combined losses at $200 million or less. For the whole industry, Campbell expects

The power in the tower

Federal Aviation Administrator J. Lynn Helms holds up two large nasty-looking nails twisted together into the shape of a huge barb. "People—I'm not saying strikers—threw these over the fence so that our employees would drive over them with their tires," he says. "We have had shots fired at our employees' doors. They have been harassed, they have been verbally abused, cursed."

That nasty-looking barb is exhibit A as Helms talks about the air-controllers strike. He twirls it in his fingers as he vows that the fired controllers "will not return to the FAA as controllers or in any other capacity." If they are eventually rehired by the federal government in other jobs, fine, says the tough-talking former chairman of Piper Aircraft Corp., so long as they aren't working for him. "If we took these people back, we would have tremendous difficulties now. We would not dare bring them back."

Helms speaks with equal conviction about his prediction that the nation's air traffic control system will be completely rebuilt and back to normal within 18 months from now—even on Thursdays, the busiest flying day of the week.

Eventually, says Helms, the FAA will have 3,000 fewer controllers than the 17,400 it had when the controllers struck last August. Some trainees have been flunking, but one group, furloughed airline pilots, are expected to move up quickly. "They have a very high learning rate," says Helms.

The FAA chief also anticipates saving $176.4 million in fiscal 1982, or about $480,000 daily, mostly in reduced labor costs.

FAA Administrator J. Lynn Helms
"The stress went out on Aug. 3."

Where does the air traffic system rebuilding stand now? The FAA is proceeding cautiously by not allowing rapid expansion. Each month, says Helms, the FAA is raising its capacity and by February will begin allowing increases in traffic every month, from the current 80% of what the system handled before the strike to 91% early next fall. "The last part of it—from 91% to 100%—probably will take us another six to ten months," says Helms. "It depends on how many people we keep on the rolls who would normally retire."

As for the controllers now running the system, "they are having more fun than they've had in years," says the FAA chief. When he cautioned an FAA retiree in his 60s who had returned to work in the Nashville tower not to fall victim to stress, the man laughed, Helms recalls. "He said, 'Good Lord, there's no stress. You know that as well as I do. The stress went out on Aug. 3.' "—**A.D.F.**

American planes at LaGuardia wait for profitable 1982 takeoff
"If there is any growth at all, it is going to come to the bottom line."

profits to make for the third-best year since fuel costs began soaring in 1973.

Some new opportunity has also come from the turmoil. As the high-flying regionals expand into the major trunk lines' markets, small commuter airlines are picking up business on short-haul, low-density routes that are being abandoned as unprofitable for planes carrying 60 or more passengers. And more lines are starting.

As for the big lines, even Pan Am's new chairman, C. Edward Acker, talks about making money this year after last year's loss of more than $275 million. He may be too hopeful, but even a $60 million loss would impress analysts as a good effort. Acker is aiming to increase Pan Am's domestic market, in part by offering low-cost off-season flights to balance its summer transoceanic peak season.

It's an old story: When an industry goes through the wringer like this, the upside leverage on the other side can be impressive. If the airlines stay the course on labor costs and increased efficiencies, says Campbell, their break-even point—currently nearly 60% of seats filled—could even be lowered by 2% to 4%, and profits could rise dramatically. Campbell argues that break-even factors will remain the same but that loads will increase by 3% or more. "If there is any growth at all," says Campbell, "it is going to come to the bottom line." At long last, a patch of blue. ■

Loser of the year

The line is familiar, but these days it sounds wistful, almost plaintive. "When winter comes, the situation will get a lot worse," says Robert E. Poli, who, as president of the now-defunct Professional Air Traffic Controllers Organization, led 11,543 of PATCO's 14,500 members last summer into U.S. labor's greatest disaster since the Ludlow Massacre. "Logic has to prevail," says Poli. "People are already starting to say, 'Okay, you punished them long enough. Now let them go back to work.' "

Poli believes that organized labor and public sympathy will eventually get his members back to work.

The possibility that any of that will happen becomes less distinct with every passing day, but it's all Poli has to hang on to. Gone are his $60,000 salary, his union and much outside labor support.

Even President Reagan's efforts for détente with organized labor isn't likely to get the ex-controllers back in the towers. His decision to allow them to seek other federal jobs may ease pain, not bitterness.

But Poli still hopes. "The airlines have been furloughing people like mad and they're still losing money," he says. "They have to do something." Reagan was supported by the public, Poli says, because the President was perceived as slapping down "a smart-ass union" that was making excessive demands. He sighs, "They've got their pound of flesh. There aren't any excessive demands anymore."

The union also should have taken more trouble to explain its position to the press, Poli says: "I certainly underestimated the value of public relations." After reorganization in 1983, the Federal Aviation Administration expects to operate with 3,000 fewer controllers than in prestrike days.

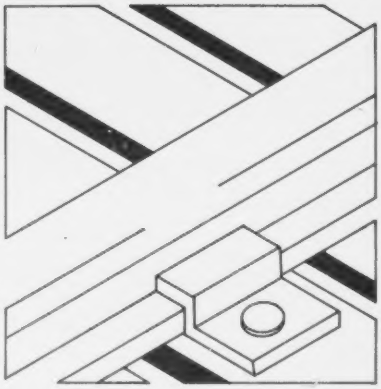
But Poli still hopes his members' jobs will return. Hope is all he has.—A.D.F.

patco
LOCAL 201
ON
STRIKE
patco
LOCAL 201
ON
STRIKE

Air controllers grounded in labor's longest march of 1981
"Let them go back to work," the union president says.

Once the sick man of American industry, the railroads are out of the hospital now. What they were suffering from was regulation-itis.

Railroads



By Allan Dodds Frank

RAILROAD STOCKS, for decades orphans, soared in 1980 when the group came close to doubling; last year they lost some of their gains but hung on to most of them in spite of a generally weak stock market. This is no fluke: An industry that once seemed chugging straight to the junkyards is making a powerful comeback. In fact, Isabel H. Benham, president of Printon, Kane Research Inc., predicts that nearly every trunk railroad will improve on earnings by 15% or better this year.

Railroad men are a little more cautious. "Short-term prospects are uncertain and will essentially follow the course of the general economy," says William H. Dempsey, president of the American Association of Railroads, but he adds, "if there is an upturn in mid-1982, our fortunes will be improved."

Despite softness in many segments of the economy, notably housing, automobiles and steel, the major lines will still have good years, thanks to coal shipments, both domestic and foreign. Piggyback shipments also should be up, thanks to longer lines available from the rail mergers.

How can the railroads, of all industries, prosper even if the economy slumps? The answer is threefold: increased efficiency through mergers, blossoming of benefits received under the 1980 rail deregulation act and labor peace and cooperation.

Deregulation enables railroads to sign long-term contracts with shippers and to innovate rates that formerly would have been tied up in Interstate Commerce Commission proceedings for months or years.

Too, an industry where labor-management confrontation was once the rule is beginning to learn what labor-management cooperation can do toward preserving jobs. One old rule required trains to stop every 500 miles to have the brakes checked on locomotives. The union agreed that the rule could go, and in return the railroads agreed that the "critical inspection that needed beefing up" was the one conducted before the train pulled out of the yard to start a journey. By giving a bit on the initial inspection, the railroads gained far more by eliminating the 500-mile inspections. This is only one example.

Given the ability under deregulation to negotiate long-term contracts, railroads now receive dependable commitments for freight and, in some

Railroads

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Chic & North Western	31.4%	1	39.0%	1.5	10.9%	6	7.9%	4.7%	12.1%	6	25.6%	1
Missouri Pacific	24.7	2	21.3	1.0	10.9	1	11.6	7.8	14.1	5	16.5	5
Southern Railway	14.2	3	15.6	0.6	8.8	4	8.0	11.5	11.1	7	14.9	6
Union Pacific	14.0	4	13.7	0.4	8.5	2	9.2	6.4	21.5	1	18.0	3
Norfolk & Western Ry	13.8	5	17.5	0.2	11.7	3	8.5	16.1	6.9	10	16.7	4
Santa Fe Industries	11.6	6	12.6	0.3	8.5	5	8.0	8.5	14.7	4	14.1	7
IC Industries	10.6	7	11.0	0.6	6.4	7	6.5	3.0	19.9	2	10.8	8
CSX	9.3†	8	11.3	0.6	7.4		**	6.2	11.0	8	8.1	9
Burlington Northern	8.4	9	10.5	0.5	6.9	8	5.9	5.4	17.1	3	18.2	2
Southern Pacific	7.4	10	7.8	0.6	5.2	9	5.2	5.2	9.7	9	7.7	10
Industry medians	**12.7**		**13.2**	**0.6**	**8.5**		**8.0**	**6.3**	**13.1**		**15.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. **Not available; not ranked.

cases, they set financing for improving trackage that is used to service such commitments.

"One of the most important results of the Staggers Rail [deregulation] Act is going to be the psychology of the industry," says Dempsey. "Before, a bright young fellow in the marketing department would come in with a good idea and he would just get shot down by the lawyers quite rightly, because they would say, 'That's much too radical, the commission will certainly suspend it. Go back and come in with something that's more likely to succeed.' "

The best and the brightest young business people will be easy to find, Dempsey says. He also says that the railroads lost more money while rate increases were pending before the old Interstate Commerce Commission than they made from the increases themselves. As costs rose with inflation, rate increases lagged, and the railroads were always a couple of steps behind their rising costs. With their new freedom to set rates without begging the Commission, railroads get their hands on the money—as much as a billion dollars or more annually—a lot faster.

Those who feared that removal of federal rate regulation would lead to steep rises in transportation costs have been proven dead wrong. "We've had many more rate reductions than we have had rate increases," claims Dempsey. "Take grain, for example. Grain is not moving very well. It is being stored by farmers, and they are not moving it because they are waiting for better prices. We've got thousands and thousands of covered hopper grain cars in storage, so rails have been offering all kinds of special arrangements to ships. The Soo Line Railroad Co., for example, offered two free grain cars for every ten a shipper would take, and they got about 1,000 cars on line that way."

In fact, the railroads could offer discounts like the Soo Line did before. Why didn't they do it? They were afraid to, Dempsey says, because they felt the discount rates would be tied up in ICC proceedings and would perhaps become permanent. So under the old regime, they simply refrained, Dempsey says.

The new spirit in rails is evident also in the mergers. The nation's largest system is the CSX, a combination of the old Chessie and Family Lines systems that now controls 27,000 miles of track and is expected by analysts to show a 20% gain in earnings next year. By May the proposed merger of the Southern Railway and the Norfolk & Western Railway should be reality, bringing the nation's two strongest, most efficient lines under the umbrella of Norfolk Southern Corp. Likewise, the merger of Union Pacific-Missouri Pacific-Western Pacific may also be complete.

For railroaders the longer lines will mean more profitable uninterrupted runs, and for shippers the mergers often will mean only one railroad, not several, to deal with.

Even Conrail, the federally run rail line covering the Northeast, is starting to make money, notes Dempsey. And the Conrail gains are attributable to smart management using the atmosphere of deregulation and the elimination of surplus trackage to create new competition with trucks. Conrail, he says, even is making money on a few specialized short hauls of 20 miles or less. "Shippers are willing to pay a premium for premium service," says Dempsey. "I think it's probable that Conrail will make it," he says, "and if Conrail makes it, that will be a big relief to the entire rail system." A recurrent nightmare for railroadmen was that Conrail would deteriorate so badly that railroad service throughout the country would suffer and demands for nationaliza-

Connubial bliss, Southern style

Life on the Southern Railway System will be just one long honeymoon after the merger with Norfolk & Western this spring, to hear Southern President Harold H. Hall tell it. The merger indeed looks like a match made in heaven: Both parties are highly profitable (in fact, the N&W is the only railroad that consistently outperforms the Southern), and the new Norfolk Southern Corp. will be a powerful competitor for the other new mega-merger giant, CSX Systems. Norfolk Southern has 18,100 miles of track in 21 states and part of Canada. It will also provide some economies of scale, including common car repair and rail welding yards and a consolidated sales and marketing force.

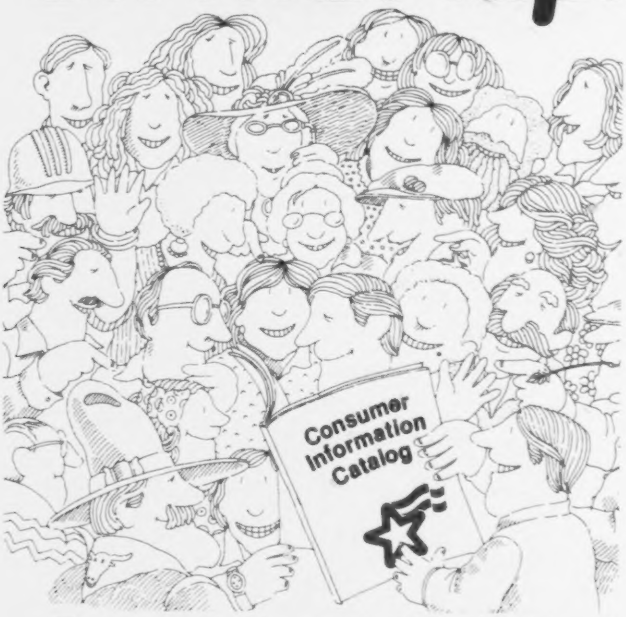
But the real benefit comes from new longer North-South routes, says Hall. He predicts the coal business, already a bonanza for both railroads, will be even richer. "And grain will be very good. General merchandise and piggyback traffic will increase, too, because we'll be able to provide good service for longer distances and in new markets neither of us penetrates now," Hall says. He concedes the potency of CSX, which covers 27,000 miles of track in many of the same states, but even so, Hall anticipates taking business from CSX in the Midwest on traffic moving through Chicago, Cleveland, Pittsburgh and Detroit.

Rate-cutting wars? Even in the deregulation atmosphere and against the larger CSX system, Hall says, he's not that worried. "If somebody cuts prices in one area, you can retaliate in another. We're as efficient as any of our competitors, probably more so, and we can go as low as they can and still make money at it."

Southern Railway's Hall
"We're as efficient as any."

With domestic and export coal making up the greatest segment of traffic on the Southern and N&W lines, Hall foresees five to ten years of uninterrupted prosperity for the merged giant. And what does he see beyond that? Hall hints that the Norfolk Southern someday could become a "total transportation company, perhaps acquiring a piggyback trucking company, a barge line or two." And, of course, there is Norfolk & Western's current 20% interest—up from 8.8%—in highly profitable Piedmont Aviation. What are the prospects for a complete takeover five years from now when the current agreement limiting the railroad's holdings ends? For now, says Hall, it's merely "a good investment. And I can't look into the future any better than you can."—A.D.F.

The Book That Put Pueblo, Colorado On The Map.



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tion would mount.

Not everybody is happy. Not long ago, Carl E. Bagge, president of the National Coal Association, told a Senate oversight committee that coal shippers—who are "highly captive to the railroads"—were being subjected to "monopolistic abuses." He says that of the 500 million tons of coal shipped, more than 85% could only be shipped by rail. Since coal makes up 30% of the rail industry's ton miles, Bagge argued that it should get more favorable rates. He urged Congress to authorize eminent domain rights for coal-slurry pipelines to allow shippers to bypass the railroads.

The fact is, however, that the 30% of traffic generated by coal provides only 17% of railroad income, undercutting coalmen's complaints. During the last year, Dempsey points out, the rates for shipping coal by rail were raised only 12.6%, or only a fraction more than the 12% average price increase for general merchandise and other commodities in the U.S. He adds that coal prices have quintupled during the last 12 years while railroad rates for carrying it have increased only threefold.

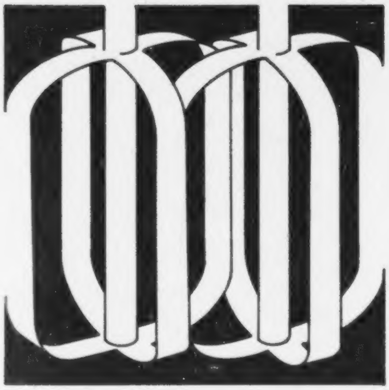
"We have to be able to make an adequate rate of return to maintain our track, buy new locomotives and provide the service to those very people who have been screaming bloody murder."

"Funny you should ask about coal," says Dempsey as he reaches for a folder full of statistics. He says that coal industry leaders haven't studied the statistics lately. "I assume they haven't," he says wryly. "Otherwise you'd think they're trying to mislead the Congress." Lobbyists, of course, will be lobbyists.

Southern Railway System President Harold H. Hall is more blunt about the arguments of the coal shippers. "Special interest groups have been screaming murder at the railroads for longer than I have been around. We have to be able to make an adequate rate of return to maintain our equipment, maintain our track, buy new locomotives and provide the service to those very people who have been screaming bloody murder. When it comes right down to it, I think they'd say they want strong railroads."

Why is Dempsey so optimistic? "We've got a rail plant that is finally getting into fighting shape." ■

Tired of calling the refrigerator repairman? Relax: The appliance industry is eager to sell you—and millions of others—a replacement.



Household goods

By Thomas Jaffe

THESE ARE NOT HAPPY DAYS for the people who make major appliances. Since 1980 the housing market, which accounts for some 30% of the industry's sales, has been disastrous. With construction starts still at depressed levels, there's hardly much to cheer about. Retail sales, which make up the other 70% or so of the business, promise to stay sluggish as well—at least through the first half of the year. As a result, experts project that total appliance shipments will be up a modest 3%, well below the record levels of 1973. "To see any sharp gains," says Mark Hassenberg, appliance analyst for Donaldson, Lufkin & Jenrette, "you'll have to hold out for next year. That's when the housing market ought to pick up. As for 1982, it'll be marking time."

Still, there is something that sets appliance makers drooling. The industry may well be on the verge of the biggest replacement boom ever. "There are over 340 million appliances in use," says Robert Brintnall, vice president of sales at Whirlpool. "So when you consider that those are what we're going to have to replace—well, that's a pretty big business by anybody's standards." Already, this market accounts for nearly 70% of all refrigerators sold at retail, some 85% of electric ranges, around 75% of washers and over 60% of dryers, but the growth potential is tremendous.

Consider the statistics: The average useful life of most big appliances is about 10 to 15 years, and a five-year period in the early Seventies was the greatest boom ever. Shipments totaled 156 million units. Thus a sales surge seems inevitable.

The only question is when. Last year, of course, the squeeze on disposable income and the high financing costs sent consumers back to the serviceman just one more time—and that trend could continue. "When you talk about an average life of, say, ten years," advises John Smallwood, former director of marketing research at Whirlpool and now head of his own Columbus, Ohio forecasting firm, "that doesn't mean all those appliances will self-destruct at the end of that period. A lot of those old GE refrigerators with the coiled-condenser tops that were made in the Twenties are still working."

Part of the uncertain timing of the replacement boom, however, may relate as much to changing lifestyles as to aging appliances. Take freezers. Young couples usually start off with enough freezer space in their refrigerator. Demands of a family may lead

Hot news

The malaise of big-ticket appliances doesn't extend to the microwave oven. Dependent on neither renewed replacement demand nor a comeback in the housing market, microwaves seem sure to cook up another successful year. In 1981 about 4.1 million were sold, up over 40% from 1980. (Ten years ago it was 314,000.) Even so, last year was the first time microwaves exceeded a 20% saturation of U.S. households. So there's a big hole out there yet to fill.

How do you get those first-time buyers into the field? The first-on-your-block pitch served to gain only about a 15% market penetration. Ever since, microwave makers have had to add new features and sizes. The industry has accommodated space-cramped apartment dwellers, for example, with models that go into walls or above the range where the fan used to be. That may sound minor, but coming up with that above-the-range innovation in 1979 has allowed GE to jump from fourth place in the market to a neck-and-neck contest with longtime leader Amana Refrigeration for number one; each of them has about a 17% share, closely followed by Litton Industries. A pack of Japanese manufacturers, led by Sharp and Sanyo (which supplies to Sears), represent another third or more.

So far, the fact that the product has undergone so many changes at the same time that the field has become more and more crowded with competitors—some 40-odd brands are now available—has acted to keep the $1.5 billion microwave-oven market remarkably free of cutthroat pricing. A price war is bound to come, however, says GE's James West, general manager of range products, "when microwaves reach a broader consumer base." As would logically follow, West also foresees a shakeout, although to date the biggest appliance maker of note to drop from the market is Sunbeam. Says Charles Mueller, manager of planning at Amana: "We're estimating microwaves will reach 50% penetration by 1986. And since we don't see them ever becoming as common a product as, say, refrigerators, that 50% range or maybe a bit more could well end up being their saturation level." That is when some manufacturers who can't stand the heat may have to get out of the kitchen.—T.J.

them to buy a separate chest or an upright. Such units have a life of 15 years or more. But by then the children may be out of the house, and a replacement unnecessary.

Unfortunately for appliance manufacturers, replacement sales are also tied to demand for housing. When a family moves into an existing home, for example, the previous occupants have usually taken at least some of the appliances with them. Hence the need to replace—and yet another reason the construction slump depresses appliance sales.

To feed or even accelerate this massive market, then, it is essential for the appliance industry to keep coming up with product improvements. For instance, in the early Seventies sales got a boost from self-cleaning ranges and frost-free refrigerators. From 1972 to 1974 this led to the early scrapping of relatively new units. Unfortunately it also took away the welcome cushion those replacement sales might have provided during the subsequent lull in the housing market.

These days dishwashers offer the best example of how new features can stimulate replacement sales. Dishwashers have achieved 50% saturation in U.S. households, *vs.* the virtual 100% penetration of the refrigerator. Yet because of such recent twists as the cold-water-rinse setting and no-heat drying, replacement now accounts for about half of dishwasher unit sales.

"If we don't come up with a better mousetrap, customers will go to the other guys when it comes time to replace," says Richard Gralton, general manager of marketing for major appliances at General Electric, which leads the pack in the $500 million-a-year retail dishwasher market.

The very fact, of course, that executives get excited about the replacement market instead of about sales to builders or new-home buyers—which represent real growth—is an indicator of relatively hard times. What's more, over the coming few months customers who do decide to replace their worn-out washers, ranges or refrigerators will be very tough shoppers indeed. All the more reason why appliance industry executives are looking forward to 1983—or 1984—instead of at the current dismal forecasts. ■

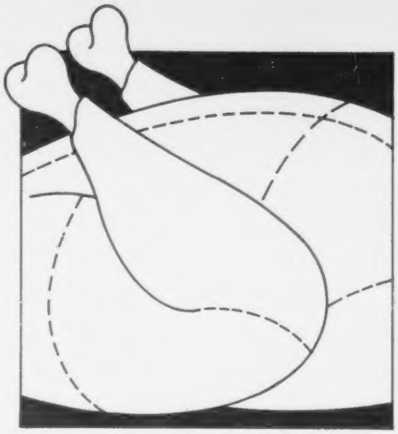
Household goods

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Appliances												
Maytag	25.5%	**1**	20.9%	0.0	19.5%	**1**	24.4%	9.7%	8.3%	**5**	6.6%	**7**
General Electric	20.6	**2**	19.6	0.1	18.1	**2**	18.0	6.1	11.6	**3**	12.4	**3**
Whirlpool	18.8	**3**	19.7	0.1	18.2	**3**	16.6	5.6	7.4	**7**	12.3	**4**
White Consolidated	16.8	**4**	16.4	0.5	11.4	**6**	10.6	3.4	13.1	**2**	7.6	**6**
Scovill	15.6	**5**	9.9	0.6	8.8	**4**	11.6	2.2	8.1	**6**	28.2	**1**
Sunbeam	12.8	**6**	11.2	0.4	8.7	**7**	10.3	3.1	10.8	**4**	8.6	**5**
Magic Chef	12.4	**7**	13.6	0.5	9.4	**5**	10.9	2.7	17.4	**1**	18.4	**2**
Hoover	9.8	**8**	def	0.1	def	**8**	7.9	def	6.5	**8**	3.2	**8**
Singer	6.9	**9**	15.2	0.7	8.7	**9**	5.7	1.7	2.5	**10**	D–P	
Zenith Radio	6.1	**10**	7.0	0.5	5.6	**10**	5.5	1.6	3.5	**9**	–14.0	**9**
Medians	**14.2**		**14.4**	**0.5**	**9.1**		**10.8**	**2.9**	**8.2**		**8.6**	
Housewares & furnishings												
Insilco	16.8%	**1**	16.1%	0.5	10.2%	**3**	10.4%	5.0%	9.3%	**4**	11.6%	**4**
Black & Decker	16.1	**2**	11.4	0.4	9.5	**1**	13.3	4.6	15.7	**2**	14.0	**3**
Stanley Works	15.9	**3**	14.2	0.2	11.7	**2**	12.9	5.2	11.8	**3**	14.4	**2**
Roper Corp	11.3	**4**	9.7	0.7	7.5	**5**	8.1	1.9	6.3	**5**	15.0	**1**
Toro	9.6	**5**	def	0.7	def	**4**	9.5	def	18.1	**1**	0.5	**5**
Mohasco	3.9	**6**	4.0	0.7	4.5	**6**	4.1	1.1	5.7	**6**	–10.2	**6**
Talley Industries	def	**7**	def	0.8	def	**7**	2.6	def	3.7	**7**	P–D	**7**
Medians	**11.3**		**9.7**	**0.7**	**7.5**		**9.5**	**1.9**	**9.3**		**11.6**	
Housekeeping products												
American Home Products	33.0%	**1**	32.8%	0.0	32.7%	**1**	33.0%	11.9%	10.9%	**5**	12.2%	**2**
Procter & Gamble	19.5	**2**	18.6	0.2	14.2	**3**	15.1	6.0	13.5	**2**	12.0	**3**
Clorox	18.6	**3**	17.0	0.2	14.4	**2**	15.1	5.6	6.9	**7**	7.7	**5**
Economics Laboratory	17.4	**4**	15.6	0.6	10.8	**4**	13.6	4.7	14.8	**1**	13.4	**1**
Purex Industries	14.8	**5**	14.1	0.2	11.4	**6**	11.3	4.2	7.7	**6**	7.0	**6**
Colgate-Palmolive	14.1	**6**	13.2	0.2	10.8	**5**	12.2	3.2	12.1	**3**	4.6	**7**
Scott Paper	11.4	**7**	10.3	0.4	8.0	**7**	8.5	5.4	11.8	**4**	10.1	**4**
Medians	**17.4**		**15.6**	**0.2**	**11.4**		**13.6**	**5.4**	**11.8**		**10.1**	
Industry medians	**15.2**		**13.9**	**0.4**	**9.9**		**11.1**	**3.8**	**10.1**		**10.1**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. D-P: deficit to profit: not ranked. Def: deficit.

There was a time when you could buy a whole fish in the supermarket. Someday you may remember chicken that way, too.



Food processors

By Paul B. Brown

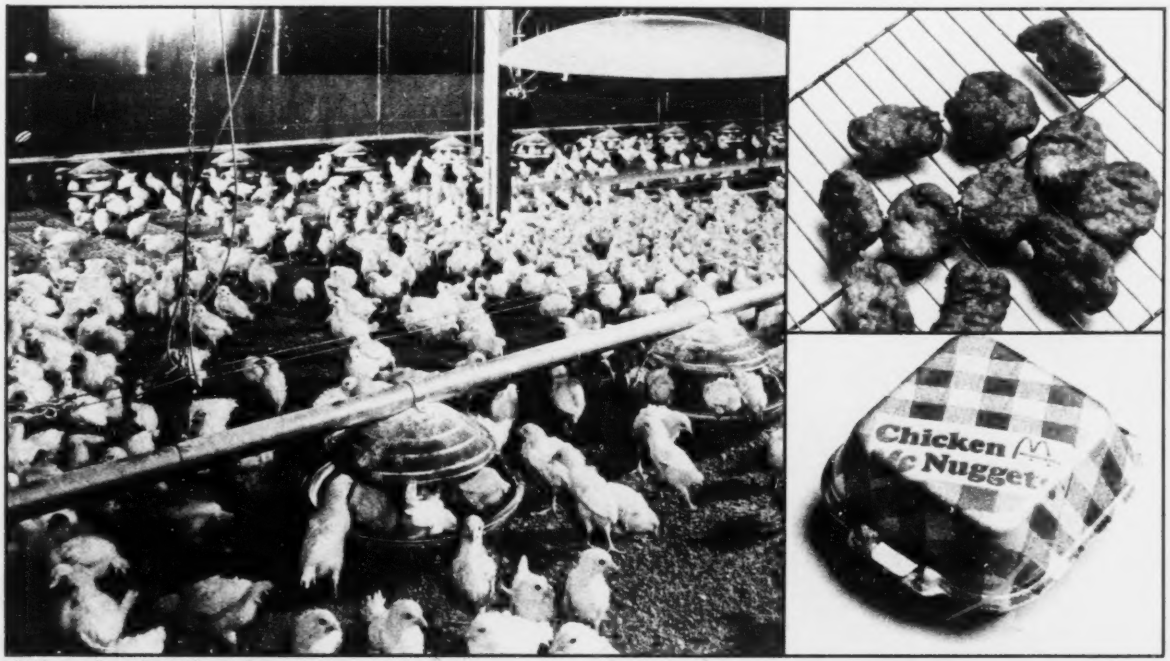
TWENTY YEARS AGO you could walk into your supermarket and buy a fish that had a head, two eyes and a tail. "That's about all they sold," says A. Joe Benjamin, senior vice president of Keystone Foods. "Today it's fish patties, fish sticks, fish fillets. The same thing is going to happen to chicken. There just isn't any reason to ship the bones." Benjamin hastens to say all this may take ten years. But sooner or later, he predicts, most of the chicken in your supermarket will be in machined shapes.

Most food processors agree. Today, says Don Tyson, CEO of Tyson Foods of Springdale, Ark., "people say, 'I don't want to cook that damn chicken, it takes too long.' They just want to take it out of the package, plunk it in the microwave and serve it."

One big reason: Fast-food chains like McDonald's—which provides 95% of Joe Benjamin's business—have made machine-tooled chicken socially acceptable. Within the last three years just about every franchise has added some kind of chicken sandwich to its menu, says George B. Watts, president of the National Broiler Council. "The customer has begun looking for a similar product at the supermarket," says Watts, "and food processors are responding to that demand."

Indeed they are responding so well that processed chicken is now the fastest-growing segment of the poultry market. In 1980 Americans consumed 11 billion pounds of broilers, about 10% of them processed. "That 10% is up from 5% in the last ten years," says William P. Roenigk, director of economic research for the Broiler Council, "and we think it will reach about 25% by the end of the decade."

Why processed chicken, though, instead of beef? First, it's cheaper. Working couples don't have a lot of time to prepare foods, but neither do they want to ruin their budget on con-



Chicken—from brooder to bag

There is only so much sausage you can stuff.

venience foods, Roenigk points out. "Also, they are thinking about nutrition, and chicken is perceived as being more of a health food."

The result has been to give the food processor something to do with the 35% or so of a chicken—the back and neck—that nobody wants to eat. "Years ago we used to throw them away," says Tyson Food's Tyson. Then the food processors started stripping off the meat and selling it for dog food or putting it in products like frankfurters (if more than 15% of the hot dog is composed of chicken, it must be labeled differently from a regular hot dog). Consumers didn't seem to mind. In fact, chicken franks grew from just 3% of the frankfurter market in 1977 to 13% in 1980. Chicken is also used in bologna and other kinds of sausage.

But there is only so much sausage you can stuff. So in 1963 Cornell professor Robert C. Baker started pressing the meat together with the choicer meat of the drumsticks, thighs and breasts into hot-dog shapes and test-marketed them as Bird Dogs. Voilà! Processed chicken was born.

Further combinations are expected in coming years, as chicken processors continue to search for different ways to expand their market during a decade of slow population growth. "The American stomach isn't going to grow that much larger," Roenigk says. "The overall market for meat isn't going to grow that much, and chicken demand will only grow as a tradeoff with other meats. [Per capita consumption of chicken in 1981 was 53 pounds.] Given limited growth, everybody in the food processing business is going to compete that much harder. We know that people don't want to eat a whole chicken every day. So you have to give them new products."

The same potential exists for turkey, says Wallace L. Tunnell, president of Greyhound's Armour Food division; it can be something more than a holiday meal. "Value-added turkey products, such as our new line of turkey hot dogs, turkey hams and turkey salami, are beginning to make their mark on the industry," Tunnell says—although he declines to provide market share figures.

Processed poultry is more costly—less than $1.50 per pound, compared to about $1.04 for chicken breasts—but there are no bones to throw out. And margins are higher, because processors can use parts of the bird they used to throw away, and also save shipping costs since they don't have to ship the carcasses. Chicken roll cordon bleu, anyone? ■

Food processors

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Meatpackers												
Keystone Foods	24.7%	**1**	20.8%	0.9	11.5%	**2**	14.5%	1.0%	27.1%	**1**	20.9%	**1**
Esmark	21.1	**2**	14.0	0.6	9.3	**4**	12.7	2.6	1.9	**10**	16.0	**4**
Idle Wild Foods	19.9	**3**	18.0	0.2	14.9	**1**	16.0	1.3	10.2	**5**	17.2	**2**
Tyson Foods	15.6	**4**	4.7	1.6	4.0	**5**	10.9	0.4	16.5	**2**	12.2	**5**
George A Hormel	15.5	**5**	12.5	0.1	11.3	**3**	13.7	1.9	7.3	**7**	16.7	**3**
Greyhound	13.9	**6**	16.2	0.5	11.7	**6**	10.1	2.9	5.4	**8**	6.8	**6**
Frederick & Herrud	13.2	**7**	1.3	0.9	3.1	**7**	9.5	0.1	14.9	**3**	3.8	**7**
General Host	def	**8**	def	2.1	def	**8**	3.0	def	–0.9	**12**	P–D	**8**
Monfort of Colorado	def	**9**	43.4	1.2	22.7	**9**	0.7	1.1	13.8	**4**	P–D	**8**
Wilson Foods	def	**10**	def	1.1	def	**10**	def	def	4.5‡‡	**9**	D–D	**10**
Rath Packing	def	**11**	def	4.6	def	**11**	def	def	0.9	**11**	D–D	**10**
Swift Independent	**		26.1	1.3	11.2		**	0.8	8.4‡‡	**6**	**	
Medians	**13.9**		**13.3**	**1.0**	**10.3**		**10.1**	**0.9**	**7.9**		**6.8**	
Agricultural commodities												
Pioneer Hi-Bred Intl	25.1%	**1**	26.7%	0.2	22.8%	**1**	22.0%	13.3%	19.8%	**2**	19.6%	**4**
ConAgra	24.2	**2**	24.2	0.7	15.6	**2**	15.7	1.8	11.3	**6**	41.8	**2**
Kay	23.9	**3**	def	1.5	0.2	**3**	12.9	def	21.3	**1**	49.9	**1**
Archer Daniels Midland	16.9	**4**	20.1	0.5	15.4	**4**	12.9	5.0	14.1	**5**	19.1	**5**
A E Staley Mfg	16.1	**5**	26.3	0.2	19.3	**7**	11.3	5.3	19.8	**2**	10.0	**8**
Seaboard Allied Milling	15.3	**6**	11.8	0.4	8.5	**8**	10.8	1.4	7.7	**9**	20.9	**3**
DEKALB AgResearch	15.3	**7**	10.8	0.5	8.4	**5**	11.8	5.2	15.8	**4**	10.4	**7**
Savannah Foods	13.2	**8**	43.8	0.4	26.0	**10**	9.0	3.6	4.3	**11**	6.8	**9**
Peavey	12.6	**9**	14.8	0.4	10.6	**9**	9.4	2.9	8.6	**7**	4.5	**10**
Anderson, Clayton	12.0	**10**	12.3	0.1	12.3	**6**	11.4	3.0	7.3	**10**	12.9	**6**
Central Soya	10.2	**11**	6.7	0.5	6.0	**11**	8.1	1.0	8.0	**8**	0.5	**11**
Medians	**15.3**		**14.8**	**0.4**	**12.3**		**11.4**	**3.0**	**11.3**		**12.9**	
Industry medians	**15.3**		**14.0**	**0.5**	**11.2**		**11.1**	**1.4**	**8.6**		**11.3**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡‡Three-year growth. P-D: profit to deficit. D-D: deficit to deficit. def: deficit. **Not available; not ranked.

What do you do when your market grows at less than 2% a year and you are being challenged at the low end? Try to take the high ground.

Branded foods

By Paul B. Brown

"COMPETITION HAS NEVER been more vigorous," says Kellogg Chairman William E. LaMothe, whose company owns 40% of the cereal market. That may be an understatement. The U.S. population is getting older and more health-food conscious, and with more women in the work force fewer meals are being eaten at home.

But the big imponderable comes in a plain white wrapper. It's called "generics." Simply packaged and cheap, generic foods are branded foods' polar opposite. They now represent about 1.6% of all food sales. That doesn't sound like much, but the figure has doubled in a year. And, at the next step up, private-label "store-brand" foods have captured 14.4%—up 3.5% from the previous year—in a total food market that is growing only between 1% and 2% annually. So it would be a foolish food company executive who took the trend lightly.

"There are always people who are willing to pay more to get more," says Peter Rosow, general manager of General Foods' desserts division. "But there are also people who will always look for the lowest price. In the current economic environment, those trends tend to become magnified."

When that happens, the pressure falls on the branded foods companies to justify their higher prices, says Richard A. Zimmerman, president of Hershey Foods Corp. "There is no doubt that the white boxes are beginning to have an impact," Zimmerman says. "That means we have to make sure that the value is there—by using better ingredients and by having a distinctive flavor. Everyone seeks the best buy he can find, but the best buy is not always the least expensive, and we have to get that message across."

Consumers who buy generics are often middle class, usually with college degrees. "The more educated people are, the more likely they are to try a generic," says Frank V. Forrestal, president of Borden's consumer products division. "To them, peas are peas are peas. But someone who hasn't gone to school is more likely to buy

CAREFULLY BALANCED TO ACHIEVE
GRAND UNION
BASICS
PORK & BEANS
in Tomato Sauce
GRAND UNION
BASICS
DISHWASHER DETERGENT
BAGS
BASICS
Pure Ground BLACK PEPPER
NET WT 8 OZ 226G

Generic foods
The big imponderable comes in a plain white wrapper.

the same brand of peas their mother did. They wouldn't go below that. It would be beneath their dignity."

William Maguire, a food analyst for Merrill Lynch, thinks the fate of nonbranded foods is tied to the weather, not economic status: "It's a boom in commodity production that stimulates these products. When the wheat, corn, beans and sugar crops are good, it brings out the private label and generic products. When you have a short crop, they will disappear."

Even if generics and private labels are a temporary problem, though, branded foods companies still face changing consumption patterns and limited growth. Those long-term problems prompt differing responses. Since its restructuring in 1980, Borden is moving heavily into specialty chemicals, like thermoplastics and thermosetting resins used in the housing industry, and is selling off a large portion of its dairy products. Borden made the move to boost return on equity, which has traditionally trailed that of other branded foods. Other companies are trying to make changes within their traditional product line. Kellogg, for example, has a new line of cereals called Nutri-Grain, vitamin enriched and sugarless, to tap America's health consciousness.

Branded foods

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Diversified												
Dean Foods	22.8%	1	25.6%	0.6	16.5%	1	16.2%	2.3%	15.6%	6	28.0%	2
CPC International	19.2	2	18.5	0.2	15.2	2	15.6	4.7	9.9	17	13.1	7
General Mills	18.9	3	20.1	0.3	15.5	3	14.4	4.3	14.2	9	15.4	5
Curtice-Burns	18.5	4	17.2	2.5	8.1	15	10.1	1.4	24.0	1	12.5	8
Nabisco Brands	17.8	5	18.8	0.4	13.4		**	4.4	8.9‡	19	12.2‡	9
General Foods	17.4	6	14.7	0.2	11.6	4	13.9	3.2	11.2	12	11.9	10
Pillsbury	17.1	7	16.0	0.8	10.1	13	11.4	3.5	17.8	3	15.3	6
Beatrice Foods	17.0	8	17.5	0.3	13.4	5	13.7	4.1	14.2	7	10.7	14
H J Heinz	17.0	9	19.6	0.2	15.2	8	13.1	4.9	12.1	10	18.4	4
Universal Foods	17.0	10	15.8	0.5	11.9	7	13.4	3.1	19.9	2	11.7	13
Ralston Purina	16.2	11	15.4	0.4	11.4	11	11.6	3.4	10.2	15	10.6	15
Consolidated Foods	15.9	12	17.1	0.4	11.2	10	12.2	2.5	14.2	7	11.8	12
Dart & Kraft	15.6	13	14.9	0.2	12.5	9	13.0	3.9	9.9‡	17	11.9‡	11
Campbell Soup	15.0	14	13.6	0.1	11.7	6	13.6	4.7	10.5	13	9.0	18
Intl Multifoods	14.1	15	15.0	0.5	10.2	14	10.4	2.7	6.0	21	9.8	17
Norton Simon	14.0	16	11.3	0.6	7.5	17	9.4	3.2	11.3	11	8.3	19
Federal Co	13.0	17	9.5	0.1	8.6	12	11.6	1.4	15.8	4	4.9	20
Borden	12.8	18	12.4	0.4	9.1	16	9.7	3.4	7.0	20	10.3	16
Di Giorgio	10.3	19	9.2	0.8	6.3	19	7.4	1.1	10.2	14	20.2	3
Castle & Cooke	10.0	20	7.0	0.6	6.1	18	7.6	1.7	15.7	5	1.2	21
Kane-Miller	4.3	21	7.0	0.8	6.2	20	4.6	0.9	3.2	22	–11.4	22
United Brands	3.3	22	1.9	0.5	2.6	21	3.5	0.3	10.1	16	102.9	1
Medians	**16.1**		**15.2**	**0.4**	**11.3**		**11.6**	**3.2**	**11.3**		**11.9**	
Specialized												
Kellogg	27.3%	1	26.1%	0.1	21.9%	1	22.6%	8.4%	13.2%	5	13.2%	7
Flowers Industries	19.7	2	19.6	0.6	12.7	7	12.5	3.7	19.4	1	16.0	2
Hershey Foods	18.5	3	21.7	0.4	14.8	3	14.9	5.5	16.4	2	14.0	5
Campbell Taggart	18.2	4	18.1	0.3	14.0	6	13.7	3.3	12.5	7	13.5	6
Quaker Oats	17.3	5	17.5	0.2	12.5	8	12.3	4.1	11.9	9	16.4	1
Carnation	17.1	6	15.7	0.2	13.3	5	14.0	4.5	10.1	11	11.6	9
Wm Wrigley Jr	16.1	7	13.5	0.0	13.1	2	15.4	5.2	12.1	8	6.9	11
Gerber Products	15.9	8	17.0	0.2	14.8	4	14.2	5.9	11.4	10	11.0	10
McCormick	14.9	9	15.6	0.7	10.7	9	11.3	3.4	16.4	2	11.6	8
Knudsen	14.1	10	17.1	1.0	9.8	11	8.6	1.7	16.1	4	15.9	3
Amstar	12.3	11	25.3	0.1	18.8	10	9.2	4.2	3.4	15	2.0	14
Amer Maize-Products	10.0	12	11.4	0.7	8.0	12	7.8	2.7	12.6	6	2.7	13
Stokely-Van Camp	8.2	13	8.3	0.3	6.6	13	6.5	2.1	6.0	13	4.2	12
American Bakeries	5.9	14	def	0.7	0.7	14	5.3	def	5.8	14	14.1	4
Interstate Bakeries	4.0†	15	def	3.9	def	15	4.8†	def	9.4‡‡	12	P–D	15
Medians	**15.9**		**17.0**	**0.3**	**12.7**		**12.3**	**3.7**	**12.1**		**11.6**	
Industry medians	**15.9**		**15.7**	**0.4**	**11.6**		**11.9**	**3.4**	**11.9**		**11.8**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ‡Four-year growth. ‡‡Three-year growth. P-D: profit to deficit. def: deficit.
**Not available; not ranked.

Hershey, like other middle-tier branded foods companies, is not only expanding existing product lines and buying other smaller, usually well-known, regional branded products, but also moving into new areas—a course General Mills, Quaker Oats and Pillsbury have charted. The reason? As Willie Sutton said, that's where the money is. Says Zimmerman: "You need to cover all the bases."

For Hershey, two of those bases have nothing to do with candy. Hershey has bought four pasta companies—San Giorgio, Delmonico, P&R and Skinner—since 1966, and is now number two in pasta behind C.F. Mueller Co. In 1979 Hershey acquired the 625-store Friendly Ice Cream chain that specializes in informal meals and desserts. Both moves reflect changing lifestyles, Zimmerman says: "With both people working, more meals are eaten out. I long ago disabused myself of the idea of getting the wife back into the kitchen. She doesn't want to be there, and has skills that have developed well beyond that. This is not to say she doesn't like to cook, but she usually doesn't have the time."

But no matter how much diversification helps, the basic problem remains: The average branded food costs about 15% more than the average private label, and 30% more than generics. What's in a name? It has to be quality. Says Kellogg's LaMothe: "We're tested on every spoonful." ■

Destiny's toy

About 40% of the babies born in the expected U.S. baby boomlet of the Eighties will be firstborn, and as Lehman Brothers analyst John Maxwell puts it, "The firstborn gets the toys, the secondborn gets the castoffs." Since only 28% of the post-World War II babies were firstborn, this is great news for the toy business, one of the branded food industry's favorite diversifications.

At first glance it's hard to see why toys are so attractive to the food industry. The toy business has been rugged terrain to branded food companies for years. Nabisco took a $26 million writedown when it sold Aurora Products Corp. in 1977; Quaker Oats wrote off $11.9 million in 1976, when it sold Marx after four years. The British company that bought Marx—Dundee-Combex—promptly went bankrupt.

But before Marx there was Fisher-Price, which Quaker bought in 1969 and which has flourished ever since. In Quaker's fiscal year ended last March, $385 million (sales) Fisher-Price accounted for 15% of corporate revenues and 21% of operating profit with its $50.6 million earnings; its pretax margin of 13.1% was the highest of any Quaker division.

The principal reason Quaker did well with Fisher-Price and not with Marx: Quaker left Fisher-Price alone. All but two of its nine top officers reached vice president from within the ranks, and President Franklyn Barry has been with the company for virtually his whole career. That was not the case with Marx, whose management was replaced by "Quakers."

And, according to James Tindall, Fisher-Price vice president and general manager for U.S. operations (who notes that he is one of the few "Quakers" at Fisher-Price): "The company has had a clear sense of its identity, its standards and its place in the market."

Why have other food companies had so much trouble? The toy business is much more "fashion-oriented," Tindall says, and much more seasonal. Food is not a sometime thing, whereas two-thirds of the toy industry's sales are in the seven weeks before Christmas. This does not make for smooth production runs and leaves precious little time to correct marketing mistakes.

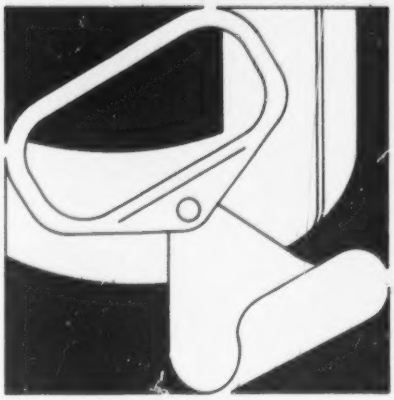
Fisher-Price moderates these bumps by offering to wait for payment until December if large retailers take shipments as soon as they are available, starting the previous January. "In essence, we're saying to our customers, 'You be our warehouse and we'll be your bank,'" Tindall says. In fact, it ships 40% of its toy dollar volume in the first six months of the year, at a time when retailers are buying only 3% to 5% of their yearly shipments per month. "It gives us a big share of the retail shelf early in the year," Tindall says, and it helps even out production runs. Of course, it's been expensive lately—financing that already delivered inventory at sky-high interest rates, combined with lackluster buying during the brief recession, caused Fisher-Price's pretax profits to decline from $55 million in 1980 to $50.6 million in 1981.

"We're really very optimistic about the next five to seven years, based on the Census Bureau's latest population projections," Tindall says. But it will not be anything like the post-World War II boom, which was a much more sudden jump. And it will not support sloppy management.—**Robert McGough**

Baby boomlet

"The firstborn gets the toys."

The generation that got hooked on colas is growing up—and out. But that unsightly bulge around the middle is good news for makers of soft drinks and beer, and even for winemakers.



Beverages

By Paul B. Brown

THE PEPSI GENERATION is getting fat—or at least getting worried about getting fat—and the $40 billion overall beverage market will show only modest growth through the Eighties. Total consumption of beer and soft drinks is expected to increase by just 3% and 4% a year respectively for the next five years. Bad news for the industry? Not necessarily. The increasingly diet-conscious Pepsi generation, people born between World War II and Vietnam—at 75 million, the largest segment of the U.S. population—are turning to diet colas, now 15% of the soft-drink market. That market will probably grow 8% a year. Light beers, too, should gain market share twice as fast as their heavier counterparts.

Further, says Emanuel Goldman, beverage analyst at Sanford C. Bernstein & Co., future diet colas may lack the bitter aftertaste of today's saccharin-based product. As drinks using aspartame, a heralded saccharin replacement that is still being tested, become widely used, he says, "the drinks should taste better, so people may drink a bit more." Drinking more also has a lot to do with the popularity of light beer, which now represents 13% of the beer market. Calories have less to do with it, says Robert S. Weinberg, a beer consultant in St. Louis: "What sells light beer is that it is less filling; you can drink more."

All this has not gone unnoticed by winemakers. Low-calorie wine, in fact, may be the big news of 1982's wine market—or the biggest flop. Both Paul Masson and Taylor wines, a division of Coca-Cola, introduced "light" wines in selected markets last summer. The numbers make it hard to resist, says Paul Masson Vice President Jan Wells. "In the last five years, light beers have grown 350%, diet drinks are up 58% and sparkling waters sales have increased by 49%," he says. So why not a diet wine?

In 1980, the average American consumed about 40 gallons of soft drinks and 25 gallons of beer, but just 2.3 gallons of wine, according to *Beverage Industry*, a trade magazine. So wine-

Chateau Sam Houston?

Ah, the Texans. When the oil runs out, one thing they plan to replace it with is wine.

Someday, says Dr. Charles McKinney, chief of the University of Texas wine research project, 60,000 acres of cultivated Texas desert could bring the university more than $50 million annually in income. Texas, he says expansively, could wind up second only to California in the production of quality domestic wine.

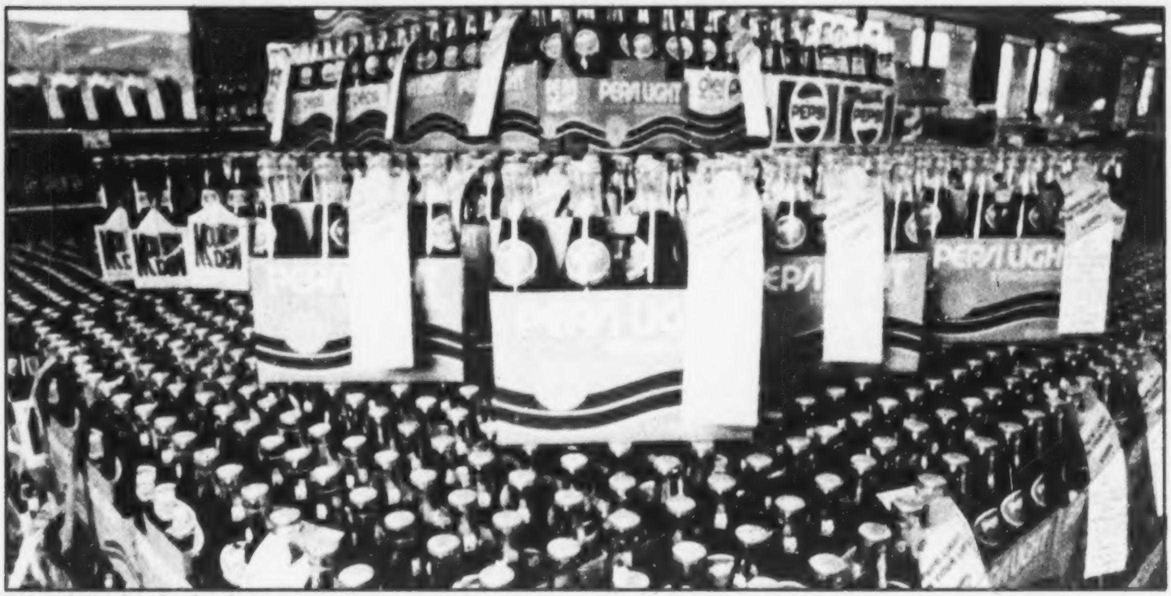
Does that sound like mere Texas bragging? Maybe so, but there *is* such a thing as Texas wine right now; McKinney's experimental vineyards in the Midland-Odessa area produced 1,200 gallons of it last year. "It's unbelievable," says one convert to Texas wine, a reporter for an Austin daily. "You top a rise and there's a vineyard in the middle of the goddamn desert."

The stuff's not bad, either. Dr. Fred Nury, professor of enology at California State University at Fresno, has conducted blind tastings which rated most of the Texas white wines. He says they're "certainly at the level of medium to high quality." California grapes seem to produce the best wines in the Texas climate.

The university has 165 acres planted at Bakersfield, 310 miles west of San Antonio, and by 1984 plans to have 1,000 acres, yielding 500,000 gallons of wine for sale by 1986. The soil is porous and well-drained, good for wine grapes, say Californians familiar with the project. Their only worry is the weather—it is hot and windy, and subject to hailstones and the occasional tornado. McKinney says in defense that Bakersfield makes up for it with more sunshine, and the wind helps mitigate the heat.

If Texas can get a wine industry going, says McKinney, it will lease out university land for vineyards on a royalty basis, as it does now for oil. The university's oil and gas income, $145 million last year, goes into a fund, the interest going to the university. With oil production in Texas falling about 5% per year, the university, like Saudi Arabia, is planning ahead. Not even the enthusiastic McKinney believes grapes will replace oil, but he thinks they may "lessen the blow."

McKinney says a "nationally known" winemaker wants to build a winery in Texas; he won't say which one because "they wanted to have the jump on their competitors." But a spokesman for a large California winemaker is a little more skeptical. "I don't know how you would market Texas wines," she says. That's a Californian talking, though. Everybody knows they have always been jealous.—**Robert McGough**



Diet soft drinks after bottling
The forerunner of diet wine.

makers figure the diet product is worth a shot; maybe it will expand their market a bit. They look forward to the day when the sommelier will offer you a wine list that reads: reds, rosés, whites and diet. It may not happen. "Unless they are winos, most people just don't drink a lot of wine," Goldman says. "I wonder if they wouldn't prefer the taste to calories." Only market research will tell.

Eileen Honey, 32, of Main Street in Ridgefield, Conn. isn't aware of all the market research the industry has devoted to determine what she will drink, but her thoughts about diet beverages are enough to warm the industry's heart on a cold winter night. "I've been drinking diet drinks for about three years," says the manager of the classified department at Acorn Press there. "I have a sweet tooth, so I like drinking something like a Coke, but as we get older we have to watch our weight." How goes her battle of the bulge? "Well . . . pretty good," Honey says. ■

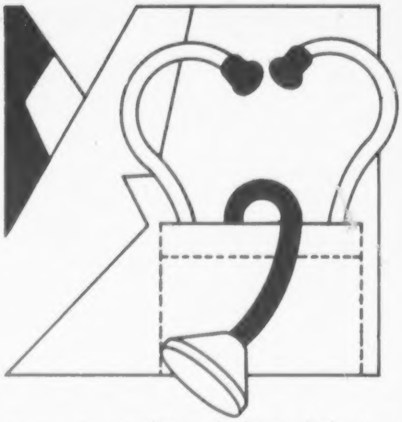
Beverages

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
G Heileman Brewing	31.2%	**1**	30.7%	0.3	21.4%	**1**	23.2%	4.9%	28.2%	**1**	31.4%	**1**
Coca-Cola	23.4	**2**	22.8	0.1	20.1	**2**	21.9	7.7	14.9	**5**	11.7	**7**
PepsiCo	22.4	**3**	22.5	0.5	14.9	**3**	16.1	4.8	20.2	**2**	16.2	**5**
General Cinema	20.8	**4**	22.3	1.0	12.9	**5**	13.1	4.6	17.6	**3**	17.8	**3**
Brown-Forman Dist	19.2	**5**	24.6	0.3	18.6	**4**	14.6	9.3	12.6	**6**	21.2	**2**
Anheuser-Busch Cos	17.8	**6**	20.0	0.6	10.8	**7**	10.8	5.6	16.1	**4**	15.9	**6**
Heublein	15.3	**7**	17.7	0.4	13.3	**6**	11.3	4.5	6.8	**11**	6.8	**8**
Seagram	14.0	**8**	25.0	0.3	18.4	**8**	10.7	12.2	6.3	**12**	17.0	**4**
National Distillers	12.3	**9**	12.6	0.3	10.0	**10**	9.9	6.3	8.0	**10**	6.3	**9**
Royal Crown Cos	12.3	**10**	11.5	0.6	8.6	**9**	10.1	2.7	12.3	**7**	−1.8	**12**
Adolph Coors	10.3	**11**	6.2	0.0	5.8	**11**	9.6	4.9	10.4	**9**	2.2	**11**
Olympia Brewing	6.6	**12**	0.8	0.2	1.5	**12**	5.9	0.2	12.0	**8**	2.9	**10**
Pabst Brewing	4.1	**13**	def	0.1	0.2	**13**	3.8	def	6.3	**12**	−14.0	**13**
Joe Schlitz Brewing	def	**14**	def	0.3	def	**14**	0.7	def	2.3	**14**	P–D	**14**
Industry medians	**14.7**		**18.9**	**0.3**	**11.9**		**10.8**	**4.9**	**12.2**		**9.3**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

Open-heart surgery in a catheter, kidney dialysis in a plastic bag. They promise miracles, but is there a cure for the $235-a-day hospital room?



Health care

By Pamela Sherrid

"THE NAME OF THE GAME is to obsolete your own product. Otherwise someone else will do it for you." That may sound like an executive in the semiconductor or computer industries, but it isn't. It's Vernon Loucks, chief executive of Baxter Travenol Laboratories, Inc., the big hospital supply company.

High-tech in hospital supply? For years this industry offered little more innovation than an occasional new model of bedpan. No more. Since the mid-Seventies the industry has been expanding away from high-volume, low-margin items such as syringes, sutures and dressings and toward sophisticated electronic and biological technology. The catalyst for this transformation is public outrage about soaring health care costs. Hospital administrators are getting tougher on costs all the time, driving down margins on those traditional commodity health care products. Hospital-supply R&D budgets are swelling, just like those of pharmaceutical companies.

At American Hospital Supply Corp., for example, R&D spending is rising far faster than sales; it will be 65% higher in 1981-83 than in the preceding three years. At some companies, the fruits of this increased spending are already contributing to earnings. For other products, the payoff is still years away. But even the hint of a sexy new product can help a hospital supply company's stock performance. "Investors want both the steak and the sizzle," says Merrill Lynch analyst Michael LeConey. "New products supply the sizzle."

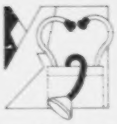
Becton, Dickinson's cell-sorting machine
Finding the needles in the haystack.

The best results often come when a company builds on existing technical expertise. Witness Baxter and the dialysis market, in which it is a leader but has been squeezed by price competition in recent years. In 1979 Baxter introduced a new dialysis technique, heavily reliant on the plastics technology used in its other big product line, intravenous solutions (IV). The new process is rapidly creating one of the largest new medical device markets. Known as "continuous ambulatory peritoneal dialysis" or CAPD, its strikingly simple idea is to let the body, instead of an external machine, do the work of failed kidneys. In traditional hemodialysis, three times a week for four to six hours a patient must hook up to a machine that draws the blood out of his body and cleanses it. With CAPD, the patient simply pours around 2 liters of dialysis solution from a plastic bag into his own abdominal (or peritoneal) cavity via a surgically implanted tube. While he goes about his normal activities, the wastes in his blood pass through the peritoneal membrane into the solution. He drains the fluid back into the bag and throws it away. Cost: $15,000 per year, compared with $25,000 on a dialysis machine.

Already, 8% of the 60,000 U.S. dialysis patients have switched to CAPD. The market is not unlimited: Because only alert and meticulous people can handle the technique, at best perhaps just 25% of all dialysis patients will eventually use it. But by 1984 that alone will be at least a highly profitable $200 million market.

Variations on IV technology have given rise to other products. Analysts are pleased with a newly announced Baxter program to deliver to hospitals IVs premixed with commonly used drugs from Merck, SmithKline and Searle, saving the hospital pharmacist a time-consuming step. "Those products will cannibalize the basic IV," says Loucks, "but they'll do so at an advantage to us."

Or take Abbott Laboratories, which has been aggressive in the market for nutritional IVs. It's surprising, but studies have shown that about half of all hospital patients suffer from some degree of malnutrition. Introducing intravenous feeding used to require a catheter in the chest. Abbott developed its own special nutritive that can be given in the arm—again, not only simpler but cheaper. These new solutions are now the fastest-growing segment



of the $175 million nutritional IV market, which itself is growing 30% a year.

Another ingenious product: C.R. Bard's Grüntzig "balloon" catheter, an alternative, for a few, to open-heart surgery. It's a tiny contraption that's threaded through an artery in the arm up to a clogged passage in the heart. There its balloon is inflated, compressing the waxy plaque that has been preventing the flow of blood. When the balloon deflates, the catheter slips out. Though controversial among cardiologists, there's no doubt it is cheaper than surgery. The cost of the treatment is about $4,500, compared with around $20,000 for an open-heart operation.

As large as is the potential for therapeutic devices, even more money is being poured into the search for diagnostic techniques. As Johnson & Johnson Chairman James Burke says: "Cost-effective health care will come primarily through the early and accurate diagnosis of disease, leading to quick and well-targeted treatment." J&J is putting lots of cash into its money-losing diagnostic imaging business, Technicare, which competes with the likes of GE and Siemens selling CT scanners.

But the biggest breakthroughs in diagnostics have come in the field of immunology—the study of how the body fights off diseases. The big new development is "monoclonal" antibodies, which may hold as much promise as recombinant DNA. Scientists hope to apply the new technique to everything from cancer therapy to drug overdoses.

Bacteria and viruses each have a specific molecular "fingerprint" that spurs the body to counterattack by producing a specific antibody. In 1975 two British researchers discovered a way to produce antibodies in the laboratory with a precision impossible before. By fusing an antibody-producing cell with a cancer cell, they produced a hybrid that can live in a test tube, continuously churning out absolutely pure monoclonal antibodies.

This revolutionary technique has already spawned a host of small venture-capital firms, such as Hybritech and Centocor. But the big hospital-supply companies such as Abbott, J&J and Becton, Dickinson have a major stake, too. Abbott, which has the most broad-based clinical diagnostic business today, plans to introduce monoclonal versions of its existing tests for hepatitis and thyroid malfunction within a year. Abbott also has the biggest share of the current $40 million market for tests that monitor cancer therapy.

The glittering ring that everyone is grabbing for, though, is a test that can *detect* cancer much earlier. Researchers at Abbott and other companies are trying to find an antibody that would home in only on cancer cells. It could be tagged with a tracer that would let physicians know where malignancies are hiding. Conceivably, the antibody could also carry a toxin only to cancer cells—a "magic bullet" cure.

Dr. Robert Evans, a young scientist at the Memorial Sloan-Kettering Cancer Center, is using a remarkable piece of Becton, Dickinson hardware to conduct his basic research on human white cells. The machine runs the cells in a minute stream of water one by one through a laser beam, at up to 5,000 a second, analyzing and sorting them so that Evans can study subpopulations of cells that were previously impossible to tell apart. It's like running a haystack through a machine to pick out the needle. So precise is the cell-sorter that at Becton, Dickinson's lab in California, researchers have even noticed changes in the cells of mice that have been flown cross-country. "We're studying about the fundamental defense mechanisms of all animal life," says Bernard Shoor, head of BD's monoclonal research.

Estimates of the commercial potential for monoclonals run into the billions of dollars. No big payoff will come until at least the second half of this decade or maybe later, but the hospital-supply companies are betting millions of dollars to stay in the forefront of the race. It's a long way from bedpans. ■

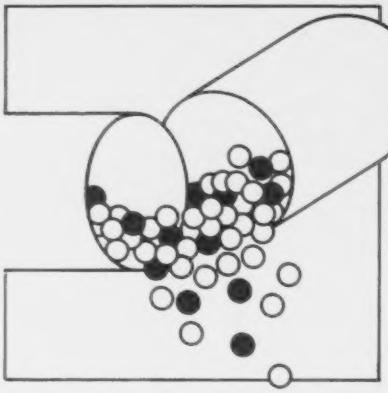
Health care

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Shaklee	36.8%	1	28.1%	0.2	21.3%	2	24.9%	5.4%	28.5%	4	30.7%	2
Servicemaster Inds	35.5	2	36.4	0.0	36.8	1	36.5	3.5	24.2	5	27.1	3
Humana	26.0	3	34.9	2.1	11.8	11	10.4	6.9	40.8	2	39.3	1
Abbott Laboratories	22.5	4	23.1	0.2	18.9	4	17.9	10.5	17.1	8	21.8	7
Bausch & Lomb	20.7	5	15.4	0.1	13.8	5	16.9	6.3	12.5	13	21.7	8
Johnson & Johnson	19.4	6	17.7	0.0	16.9	3	18.8	7.7	16.6	9	14.5	12
Natl Medical Entrprs	19.2	7	19.3	0.7	11.9	12	10.0	6.0	42.7	1	27.1	4
Hospital Corp of Am	19.1	8	19.4	1.4	9.1	13	9.5	5.7	28.8	3	23.8	6
Mallinckrodt	18.5	9	15.4	0.2	13.0	6	14.0	8.1	15.1	12	15.6	10
Amer Medical Intl	17.5	10	19.2	1.1	15.4	10	10.7	5.6	23.9	6	25.4	5
Baxter Travenol Labs	17.4	11	16.4	0.3	13.1	7	13.4	9.5	20.2	7	20.8	9
Amer Hospital Supply	15.2	12	14.5	0.2	12.6	8	12.8	5.0	15.8	10	15.2	11
Becton, Dickinson	14.6	13	14.9	0.2	13.1	9	12.4	7.1	15.4	11	12.0	13
Industry medians	**19.2**		**19.2**	**0.2**	**13.1**		**13.4**	**6.3**	**20.2**		**21.8**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

Will the Food & Drug Administration ever get its act together? Under its new commissioner, it may have the best chance in a long time.



Drugs

By Pamela Sherrid

IT USED TO BE THAT you couldn't even get in to see the head of the Food & Drug Administration," recalls the chief executive at a big health care company. But times have changed. Dr. Arthur Hull Hayes Jr., the ex-Pennsylvania State University medical school professor who is FDA Commissioner in the Reagan Administration, is one bureaucrat who listens as well as talks. Hayes is determined to speed up the approval procedures, which now hold important new drugs off the U.S. market for an average 21 months. And despite Naderites' derisive claim that his method is "totally naive," Hayes thinks that a voluntary approach is the best way to get the food industry to label for salt content.

What manner of bureaucrat is Hayes? FORBES dropped in on him recently to see how his current campaign to get the FDA's act together is coming along.

One of your biggest initiatives is to speed up the drug approval process. How can you achieve that without lowering standards?

Hayes: I'm not going to compromise our mandate to make sure drugs are safe and effective. But there is no question that the efficiency of drug reviews has been increasing and can be increased further. It's not just a question of working harder. It involves talking to industry in a timely fashion so that you don't have a big holdup while you're waiting for one piece of data. And it means letting industry know what we expect.

Have there already been changes in the rules on, say, human testing?

Hayes: Over the last several months we have issued a number of guidelines, so everyone studying different kinds of drugs is working from the same scientific base. For example, what is it you need in order to show that an antihypertensive drug really does lower blood pressure? What do you have to show to demonstrate that an antibiotic or anti-anginal drug works? In the coming months there will be some significant changes in our policies and, where necessary, in our regulations.

What, specifically?

Hayes: One area involves accepting foreign data. In the case of one recently approved drug, Timolol, the only study for its use in preventing heart attacks was Norwegian. Although that drug has been studied thoroughly in America, it was for the treatment of hypertension. We have traditionally liked to see some studies, not necessarily large control studies, in the American population to take into consideration differences in ethnic backgrounds, dietary habits and the like. But foreign data may play an increasingly important role in the FDA's decision-making.

FDA Commissioner Hayes

A modest deregulator.

Another area is, what sort of data do we need routinely on a new drug application? Do we need all the case reports, all the tabulated information? Obviously, some changes here could greatly decrease the paperwork. We have also been looking at [improving] the appeals process.

When will these reforms take effect?

Hayes: The recommendations will be completed by the middle of March. There probably will be staggered times of implementation. Some changes may require changes in the law; some will be changes in the regulations. Some of it is policy that I can change myself, like foreign test data. But when you talk about appeals procedures and the submission of data, that, in general, will require changing regulations.

I have heard that the FDA has a terrible staffing problem. That, for example, if scientists could get their reports typed more quickly, the whole drug approval process would move right along.

Hayes: There's no question that in the Bureau of Drugs there are terrific pressures right now. We have a mandate to look at the efficacy and safety of *every* over-the-counter ingredient. We are under court order to finish by 1984 a retroactive review of every prescription drug approved between 1938 and 1962. Add to that new drug applications and supplemental applications.

All the same, the list of 21 new drugs approved so far this year is excellent. It includes a large number of drugs that are really very different, not "me toos," not generic copies. Timolol, for instance. Or calcium antagonists for heart disease that are different pharmacologically than anything we have had in the past. Drugs like Captopril, which works as an antihypertensive. New ulcer drugs that work by a coating effect rather than by an antisecretory effect. I think the record is rather good. And I think it will get better.

The time required for licensing and approval of new drugs is fostering new legislation that would extend patent protection for drug companies. What's your view of that?

Hayes: I can't speak to the specific economics, but I'm in favor of some form of patent restoration. It makes eminent sense to me that, if a certain degree of time is lost because of necessary testing of drugs or medical devices, then you have to allow the companies to have that time back if you expect them to create new drugs that require expensive R&D. The vast majority of new drugs in this country are developed by drug companies, and to deny them an equitable return doesn't make sense.

Switching away from the approval of drugs to another area of your responsibilities: what we eat. What's the philosophy behind your current approach to the regulation of salt in our food?

Hayes: I start with the scientific premise that there is a link between sodium and hypertension. I don't think anybody questions that. So my approach is twofold: One, we would like to see sodium reduced in foods, so there is a wider choice in grocery stores as well as in restaurants. And second, we would like to see labeling of foods so people will know where the sodium is and where it isn't. I'm not about to say that if this whole country went on a low-sodium diet, nobody would get hypertension. But would it decrease the incidence below the 60 million today? I personally think it would. Neither am I suggesting that only low-sodium food be put out there—I'm not sure you can make a dill pickle that doesn't have sodium.

But I do think people ought to know how much salt there is in a pickle so that they can know how the pickle fits into their overall planning on salt. Or how the bread fits in, or the canned beans or whatever else.

Why did you adopt a voluntary approach in doing that?

Hayes: I believed the most efficient way to get that done was to go to industry and ask them what they could do and how fast they could do it. I think the results are already quite startling. For example, when we started this a few months ago, only 13% of the processed foods in this country were labeled for sodium. Probably by March of this year it will be 40% to 50%. There is no way, if I had started writing regulations to go through all of the administrative processes, court challenges and so on, that within that period of months we could have made that gain. No way. In fact, I'm not sure you could do that by regulation in a couple of years.

Don't misunderstand me. We're not just going to let anybody do whatever they want. We're planning to publish some guidelines, some uniform definition of terms, like "low sodium," "medium sodium" and "no added salt."

Has anyone in industry simply told you that they are not going to cooperate with this approach? After all, over half haven't yet complied.

Hayes: Just because only half have labeled so far doesn't mean that the other half have walked away or are not interested. Will there ever be 100% compliance? I rather doubt it. I don't think there would be 100% compliance even if you hired tens of thousands of policemen and inspectors to go out and check every can. The idea that regulation or legislation means that everything happens and happens quickly is fallacious. It just isn't the real world. ■

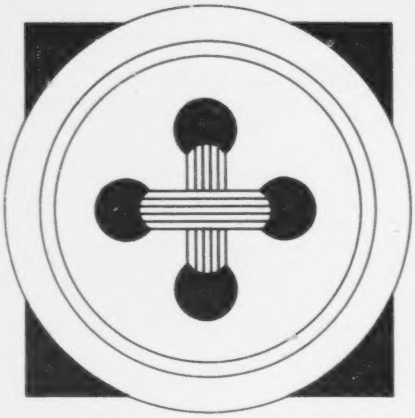
Drugs

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
SmithKline	36.4%	**1**	35.8%	0.1	32.2%	**2**	31.8%	18.1%	21.3%	**1**	29.4%	**1**
American Home Products	33.0	**2**	32.8	0.0	32.7	**1**	33.0	11.9	10.9	**11**	12.2	**5**
Merck	24.7	**3**	21.6	0.1	19.6	**3**	21.3	13.9	12.3	**7**	12.0	**6**
Bristol-Myers	22.2	**4**	21.7	0.1	20.2	**6**	20.4	8.6	11.9	**9**	13.6	**4**
Schering-Plough	21.9	**5**	15.1	0.1	13.7	**4**	21.0	10.3	15.0	**3**	10.8	**8**
Eli Lilly	21.5	**6**	20.8	0.0	19.4	**5**	20.8	13.4	14.6	**4**	11.1	**7**
Upjohn	21.3	**7**	18.2	0.4	13.0	**7**	15.5	8.3	14.6	**5**	16.1	**2**
Pfizer	17.0	**8**	13.2	0.4	10.7	**9**	13.1	6.5	12.4	**6**	9.5	**9**
Sterling Drug	15.9	**9**	15.1	0.1	13.3	**8**	14.3	6.7	11.0	**10**	6.1	**10**
Squibb	14.0	**10**	11.5	0.4	9.2	**11**	10.9	6.5	9.4	**14**	5.2	**11**
A H Robins	13.2	**11**	9.9	0.1	9.4	**10**	11.4	6.2	12.1	**8**	3.2	**12**
G D Searle	13.2	**12**	15.6	0.4	13.4	**12**	10.4	8.9	9.9	**13**	–2.1	**14**
Warner-Lambert	12.0	**13**	0.7	0.4	1.5	**13**	9.3	0.3	10.2	**12**	–0.8	**13**
Richardson-Vicks	**		18.4	0.0	18.6		**	7.3	16.3‡‡	**2**	15.2‡‡	**3**
Industry medians	**21.3**		**16.9**	**0.1**	**13.6**		**15.5**	**8.5**	**12.2**		**11.0**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡‡Three-year growth. **Not available; not ranked.

Shaken out and consolidated, apparel manufacturers look a lot leaner and meaner these days. And even Wall Street agrees.



Apparel

By John A. Byrne

SILVER LINER NOTES on recessions: "When the husband is laid off, the first thing the wife does is buy him a tie," laughs Philip Lamoureux, president of Warnaco, the big Connecticut-based maker of such branded apparel as Hathaway shirts.

Lamoureux' little joke is important because, except for consolation ties, the theory is that recessions always hit the garment industry hard. Everybody still has to eat, but anyone can put off buying that new suit.

So it may be surprising that thus far, U.S. consumers have not done that. In fact, last year was a good one for the industry, and a recent Kurt Salmon Associates survey of 68 industry executives forecasts an average 8% unit gain this year. Some lines—especially high-price and high-prestige ones—are booming. Advance orders for spring are running up to 20% ahead of 1981, recession or no.

Take venerable Hart Schaffner & Marx, for example. Unit sales in 1981 spurted 13% ahead of 1980, says CEO Jerome Gore, and dollar sales were up 20%. Gore is confidently looking forward to a very good year in 1982. "Our customer is the business and professional man," Gore notes. "He's not affected by recession as much. He still gets raises and he won't get laid off."

Or take Lawrence Leeds Jr., chairman and president of Manhattan Industries, which makes men's, women's and children's apparel. Leeds just closed out the best year in his history—sales up over 15%, to an estimated $370 million. His bookings for the spring are 20% ahead of a year ago.

Well, that's the high-priced stuff. That phenomenon now runs through retailing from end to end, even in supermarkets *(see p. 224)*. What about the rest of this industry, which was a basket case for years?

Cluett, Peabody's New York showroom

The best defense is a good name.

It's a different apparel business today, shaken out, consolidated and taken over by better managers. True, it could be badly hurt in a severe recession, but the growing group of large, diversified apparel makers who stitch well-known labels into quality garments are anything but depressed over prospects for 1982.

"In recessionary periods, the apparel industry doesn't compete for the big dollar," says Warnaco CEO James C. Walker. "Companies with major brands come out even better because retailers cut peripheral brands and put their money behind the major labels."

So, despite the recession, or maybe partly because of it, retail sales of apparel and footwear last year rose to an estimated $115.5 billion from $105.2 billion in 1980, and for the first time in over two decades the industry seems likely to improve its 6% share of the disposable dollar.

The increasingly obvious advantages of brand-name identification are prompting more concerns to jump onto the quality-label bandwagon. Oxford Industries, a major private-label manufacturer painfully reliant on the fortunes of Sears and J.C. Penney, has reduced its share of sales to these two customers to 30% from 55% and switched the emphasis to designer and brand-name clothing. Even Levi Strauss & Co. and Blue Bell, industry leaders whose earnings last year were dampened by foreign operations and currency losses, are moving aggressively in this direction as the growth in their jeans business fades.

High interest rates have imposed a discipline on the approach to inventories—still a big problem. Result: Clean pipelines now exist from fiber through fabric, garment and retail. Some companies now have their own offshore plants as a defense against imports, which account for over 20% of U.S. sales. They stitch and sew a wider range of apparel, making them less susceptible to fashion whims. "The whole industry handles fashion differently than it did ten years ago," says Warnaco's Walker, "when there used to be high-fashion swings and everybody was shooting dice."

If many apparel makers are bullish on themselves these days, so is Wall Street—for the first time since the father-and-son warfare between W. Maxey Jarman and son Franklin almost brought down Genesco in the early 1970s and frightened The Street badly. "There were times in the 1970s when apparel analysts came close to being an endangered species," says Henry Henley Jr., chairman of Cluett, Peabody & Co. No more. "All these things they're doing—less speculation, tighter inventory control—give investors confidence in what is still a highly volatile business," says Goldman, Sachs' apparel analyst Jay Meltzer. After all, 1981 was the year Wall Street lowered most industry earnings estimates mercilessly, but apparel stocks in general held up well.

In fact, Value Line, the investment advisory service, has ranked apparel among the top dozen of over 90 industries it follows for potential stock appreciation this year, and among the top quarter for investment desirability. And here's a real straw in the wind: New York-based Liz Claiborne, Inc. *(see p. 286)*, a $115 million (sales) maker of women's sportswear, went public in June—the first apparel concern to do so in eight years. ■

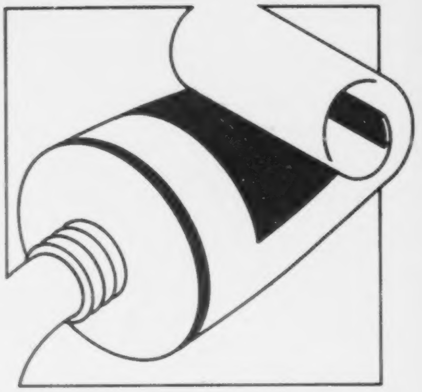
Apparel

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Clothing												
Levi Strauss	31.2%	1	22.3%	0.2	19.8%	1	27.2%	6.4%	21.0%	2	30.3%	3
Palm Beach	29.0	2	25.7	0.4	17.0	2	19.5	3.7	24.1	1	32.6	2
Blue Bell	20.9	3	11.6	0.2	10.3	3	18.0	3.3	16.9	3	17.7	6
VF	19.1	4	23.0	0.1	19.9	4	16.2	6.9	8.8	5	13.2	7
Warnaco	15.3	5	19.1	0.4	13.7	6	10.5	4.2	6.0	9	144.2	1
Interco	14.7	6	14.0	0.3	11.3	5	13.0	5.0	10.8	4	8.6	10
Hart Schaffner & Marx	10.0	7	11.1	0.2	9.9	7	8.8	3.3	6.3	8	10.0	8
Cluett, Peabody	9.9	8	10.1	0.5	8.0	8	8.4	2.6	4.5	10	19.7	5
Kellwood	9.0	9	4.1	0.8	4.4	9	7.2	0.5	8.0	6	0.5	11
Manhattan Industries	6.7	10	17.2	1.0	9.8	10	6.3	2.2	7.4	7	21.0	4
Phillips-Van Heusen	6.0	11	8.6	0.6	7.5	11	5.2	1.9	4.3	11	9.0	9
Jonathan Logan	def	12	def	0.3	def	12	def	def	4.0	12	P–D	12
Medians	**12.4**		**12.8**	**0.4**	**10.1**		**9.7**	**3.3**	**7.7**		**15.5**	
Textiles												
Cone Mills	16.6%	1	11.3%	0.1	10.6%	1	14.8%	5.4%	9.0%	7	19.4%	2
Reeves Brothers	15.5	2	17.5	0.2	14.8	2	12.9	6.0	9.8	3	17.6	4
Fieldcrest Mills	14.9	3	8.8	0.5	7.0	3	10.8	2.7	10.6	2	18.0	3
Riegel Textile	13.7	4	13.0	0.3	9.5	4	10.0	3.7	9.1	6	10.7	7
West Point-Pepperell	11.8	5	12.1	0.4	9.8	5	9.5	3.4	13.8	1	11.3	6
Collins & Aikman	11.0	6	9.4	0.3	7.3	6	9.1	2.7	9.7	4	5.3	10
Dan River	9.7	7	7.5	0.5	5.6	8	7.0	2.3	6.0	12	24.6	1
Cannon Mills	9.1	8	10.0	0.0	9.7	7	9.0	4.4	9.4	5	13.3	5
Burlington Inds	8.4	9	10.4	0.5	7.9	9	6.7	3.5	5.4	13	2.3	11
Graniteville	6.8	10	3.6	0.2	3.6	10	5.9	1.1	7.8	10	–7.5	14
Springs Mills	6.4	11	5.2	0.2	5.0	12	5.7	1.9	7.9	9	7.9	8
Avondale Mills	6.0	12	4.4	0.0	4.2	11	5.8	1.4	7.6	11	–2.7	12
J P Stevens	5.0	13	def	0.6	def	13	4.8	def	8.7	8	–3.2	13
M Lowenstein	3.1	14	10.6	0.5	8.8	14	4.1	2.6	3.2	14	6.0	9
United Merch & Mfrs	def	15	0.3	4.0	1.4	15	def	0.0	–7.3	15	P–D	15
Medians	**9.1**		**9.4**	**0.3**	**7.3**		**7.0**	**2.7**	**8.7**		**7.9**	
Shoes												
NIKE	101.4%†	1	58.6%	0.2	48.2%	1	84.4%†	6.3%	102.9%‡‡	1	110.4%‡‡	1
SCOA Industries	29.4	2	23.6	0.9	15.0	3	17.6	2.9	14.1	3	48.6	2
Melville	27.7	3	23.5	0.2	22.5	2	25.9	4.7	19.1	2	20.6	3
United States Shoe	19.2	4	22.4	0.3	17.8	4	14.9	5.4	12.5	4	17.3	4
Brown Group	15.7	5	17.3	0.3	14.1	5	12.7	4.0	9.4	5	15.3	5
Genesco	def	6	17.8	1.7	7.5	6	def	1.9	–6.0	6	D–D	6
Medians	**23.5**		**23.0**	**0.3**	**16.4**		**16.3**	**4.4**	**13.3**		**19.0**	
Industry medians	**11.0**		**11.3**	**0.3**	**9.7**		**9.1**	**3.3**	**8.8**		**13.2**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ‡‡Three-year growth. P-D: profit to deficit. D-D: deficit to deficit. def: deficit.

Selling shampoo is a $1.2 billion-a-year business with 5% growth. Products are largely identical, so it's a marketing man's dream—or nightmare.



Toiletries and cosmetics

By Richard Greene and Barbara Rudolph

IN THE WORLD of health and beauty products there is no larger, more hotly contested area than hair care. The total market accounts for about $1.2 billion in annual retail sales, and unit growth is an attractive 5% per year. No wonder there are scores of products on the shelves along with regular costly new entries. Even giants like Procter & Gamble and Gillette have trouble avoiding the frizzies.

Consider the shampoo business, which accounts for about half of total hair-care sales. In May 1980, for example, P&G introduced Pert, a green shampoo that promises "bounce." Its packaging is unique: short squat containers contemptuously dubbed "spacehogs" because they tend to leave little room on a shelf for anything else. That, of course, was the idea.

P&G reportedly spent in the neighborhood of $50 million to launch Pert, combining an intense advertising campaign with tens of millions of giveaways. The goal was said to be 10% of the market, or $120 million in annual sales. Pert, however, now has 6% of the shampoo market. That's clearly a respectable figure, but just as clearly no success.

The problem? "I'll tell you why Pert didn't sell," says a competing executive. "The green color and the packaging made it look more like a toilet-bowl cleaner than a shampoo."

That may sound silly, but in the world of hair care—particularly shampoos—perception of a product is what counts. Basically, all shampoos *are* alike. Even people at firms that make them will tell you that—off the record. There have been no major improvements in nearly a decade.

Indeed, that's one of the reasons the shampoo business is so alluring. It's big, relatively fast growing and a play for the ad man. When a consumer tries a new shampoo, in fact, he drops his old product without hesitation. "In short," says Jack Salzman of Smith Barney, "shampoo can be a marketer's dream—or nightmare."

One classic nightmare came to Gillette, with its Earthborn shampoo. Introduced in 1974, Earthborn was one of the first shampoos to offer balanced pH. Its acidity, allegedly, is less than that of other brands—a pitch aimed at folks who have been washing more and enjoying it less because of worries about hair damage.

Earthborn quickly grabbed a solid 8% of the market. But the competition soon caught on. Other brands proclaimed that they, too, were pH-balanced. The next thing Gillette knew, Earthborn was just another fish in the sea, with less than 1% of the

Toiletries & cosmetics

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Avon Products	30.8%	1	25.9%	0.0	24.5%	1	30.0%	9.0%	12.9%	5	10.5%	6
Intl Flavors & Frag	22.5	2	16.5	0.0	15.7	2	21.0	11.6	14.1	3	14.2	3
Chesebrough-Pond's	21.1	3	22.6	0.3	17.7	3	17.1	7.5	15.8	2	13.7	4
Revlon	20.7	4	14.7	0.4	11.6	4	17.0	7.5	22.2	1	16.3	2
Procter & Gamble	19.5	5	18.6	0.2	14.2	5	15.1	6.0	13.5	4	12.0	5
Kimberly-Clark	19.0	6	15.4	0.2	11.9	6	14.4	7.1	11.0	8	16.7	1
Gillette	16.8	7	12.6	0.4	9.7	7	12.7	3.8	10.4	9	4.0	8
Colgate-Palmolive	14.1	8	13.2	0.2	10.8	8	12.2	3.2	12.1	7	4.6	7
American Cyanamid	12.7	9	12.5	0.4	9.6	9	9.7	4.9	12.3	6	4.0	8
Industry medians	**19.5**		**15.4**	**0.2**	**11.9**		**15.1**	**7.1**	**12.9**		**12.0**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

market by the middle of 1981.

The company is trying again, however, with its newest entry, Silkience. The name, a Madison Avenue wonder, is a combination of the words "silk" and "science." Get it? Use Silkience and make your hair silky through the wonders of modern science. Television ads play on this theme with ultraviolet photographs of hair reacting to the product. Right now, Silkience has an impressive 5% of the shampoo market. But the folks at Gillette must be thinking nervously about the similar quick success of Earthborn. It's a rough business.

That's why companies in the hair-care field are desperate to find other, less competitive areas. As a result, they have brought us hair conditioners. The sales concept is simple: You wash your hair to get rid of dirt. But that takes out its body. So, the conditioner puts the body back in. Consumers now pay some $500 million a year for this luxury, and there's plenty of room for growth. Only about 60% of women and 20% of men ever use hair conditioners. Gillette's Tame once dominated the market, but now the big three are Revlon's Flex, Johnson's Agree and Gillette's Silkience conditioner. Beyond shampoos and conditioners, of course, there is a whole range of other products. There's also the $450 million hair-coloring market, dominated by mighty Clairol, a division of Bristol-Myers. Then there are the sprays, grooms, dandruff treatments and other miscellaneous items—all of which add up to roughly another $300 million in yearly sales.

But even as Procter & Gamble test markets its new, cheap Ivory shampoo and Revlon readies another upmarket product, there are signs of trouble ahead. As the market has grown, supermarkets have gladly given hair-care products increasing amounts of shelf space. But now, a number of major chains are planning to call a halt to the inexorable march of shampoos toward the frozen foods section. That could produce a squeeze on shelf space and a resulting competitive scramble that will give even the toughest marketers gray hair. ■

All smoke, no fire

Not only do people get upset when you kill the goose that laid the golden egg, they get scared when you go anywhere near it. So it is with the tobacco industry's fear of Uncle Sam's proposed new tax on tobacco products.

With the Reagan Administration in desperate need of revenues, it was only a matter of time until it got around to cigarettes. While some state taxes have risen, the industry has not had a federal tax rise since 1951, when the tax per pack was set at the current 8 cents.

A bill in the Senate Finance Committee, which would double that excise tax to 16 cents, makes cigarette company executives chain-smoke. But it may be they don't have much to worry about. The additional 8 cents per se isn't the problem. Manufacturers already raise prices every six months or so. It would be—and most likely will be—an easy enough proposition to raise prices a little more, over about a year, to take the tax into account. In the meantime, by 1984 the government estimates that it would be taking some $1.8 billion in additional revenues.

What really worries the industry is the principle of large tax increases. "We are already overtaxed," says Pam Jones, a spokesman for the Tobacco Institute, the industry trade group. "There's no way to know what effect it will have." The British experience is the worst the industry can imagine. Last year's huge tax increase there from 43 pence per packet to 58 pence depressed total cigarette sales by something like 12%. But according to Peter Enderlin of Smith Barney, "The price elasticity of demand for cigarettes is very low. Generally a 1% increase in price will reduce demand by 0.4%, all other things being equal." Using those calculations, the proposed tax would at most reduce demand by 4% or so. That's not deadly in an industry where operating profit margins run as high as 25%. And, of course, since a fair amount of the industry is highly diversified, the effect on overall profits might be hard to discern. Even Philip Morris, the least diversified of the group, wouldn't be hurt much. Its unit growth should more than make up for the slight dislocation of a new excise tax.

Maybe cigarette company executives just like to worry. It's good for business.—**R.G. and B.R.**

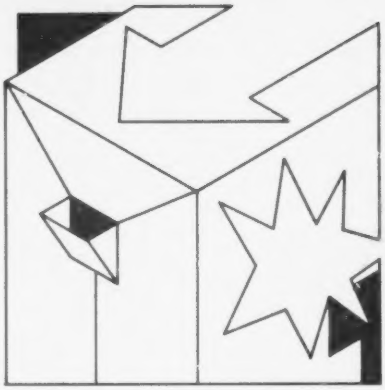
Tobacco

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Loews	24.6%	1	23.6%	0.5	12.0%	4	11.5%	5.4%	20.1%	2	29.6%	1
Philip Morris	23.7	2	23.6	0.8	13.3	3	13.6	6.3	21.0	1	20.0	2
R J Reynolds Inds	20.6	3	20.3	0.3	14.1	1	14.7	6.4	15.4	3	10.3	4
American Brands	20.4	4	20.2	0.3	14.6	2	14.5	5.5	10.3	4	16.6	3
Culbro	14.5	5	81.6	1.4	37.7	5	9.3	13.9	5.3	5	6.4	5
Industry medians	**20.6**		**23.6**	**0.5**	**14.1**		**13.6**	**6.3**	**15.4**		**16.6**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

Next time you are in the supermarket, look at all those big plastic soft-drink bottles. So why are packaging manufacturers so discouraged?

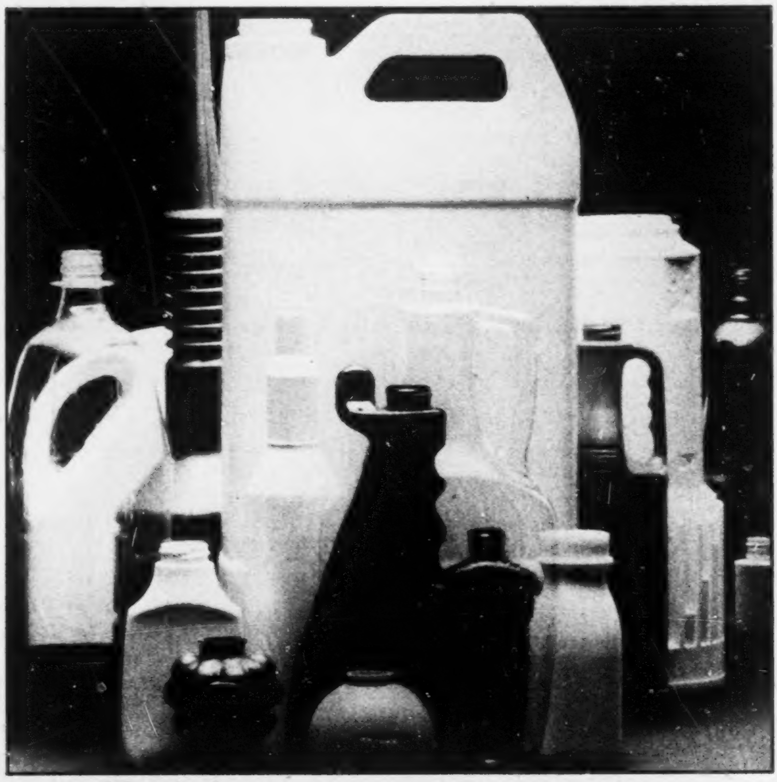


Packaging

By Jean A. Briggs

PLASTIC BOTTLES are more expensive to produce than glass or metal containers. They don't protect their contents as well or as long, and they impart a slight flavor or odor. What's more, they're extremely difficult to recycle. Are they then a flop? On the contrary, they are a big success. They have captured a large share of the packaging market because the public seems to prefer them: Plastic is lighter and unbreakable.

Long ago, of course, plastic displaced glass for shampoos and detergents; it also displaced cans for many industrial chemicals and cleaners. But plastic bottles didn't really make inroads into the 60-billion-unit-a-year beverage market until about 1979. Now they account for 10% to 15% of all beverage packaging, and sales have been growing by 25% a year.



An array of plastic bottles
Consumers love them, but they are giving the industry fits.

Technology explains much of this success. In 1977 Du Pont perfected a new bottle material dubbed PET, short for polyester terephthalate. Unlike earlier plastic containers, it is able to protect carbonation longer, so it can be used for soft drinks.

That potential wasn't lost on the likes of Coca-Cola—or on the packaging industry. Continental Group, Dorsey Corp. and Owens-Illinois began building PET capacity. So did two outsiders: Amoco, the oil company, and Hoover Universal, a packaging and machinery maker.

By late 1980, facilities to produce some 3 billion PET bottles a year were in place, and demand had reached 2 billion units. In 1981 capacity had increased even more and demand was at 2.2 billion units. Two-liter plastic bottles are winning out over similar-size glass containers and even cans. Why lug a six-pack when you can carry one lightweight, unbreakable bottle instead?

The market could get even bigger. Manufacturers are studying the economics of one-liter and half-liter plastic containers. If the cost disadvantage isn't too great and the weight advantage isn't too slight, another capacity race will be on.

Even as it is changing the container market, however, plastic is making few packaging companies rich. "Dorsey came out of nowhere and gained the predominant market share," says industry analyst Arthur Stupay of Prescott Ball & Turben. But he points out that at the very time the Chattanooga-based company is doing well with plastic bottles, it has lost money and is suffering declining volume on traditional container lines. In September, for example, Dorsey closed a glass plant near Memphis, taking a 40-cent-per-share writeoff.

Owens-Illinois and Continental Group are in similar situations. Management at each company realized the potential of plastic bottles and moved to build capacity and market share rapidly. But these gains came in the face of declining volume and low profits in their older glass and metal container businesses. The new business simply cannibalized the old. (The one exception: O-I's successful plastic-jacketed glass bottle.)

A discouraging situation for the packaging manufacturers: Here's a technology they can neither ignore nor make money from. As a result, many of them are looking to cut back in the packaging business. American Can, for example, announced last March that it wanted to sell its forest products operations to raise money for new ventures. The timing was terrible, with the forest products industry in deep recession. It hasn't closed a deal yet, but the company's new direction is clear. For $140 million in cash and stocks, American is buying Gerald Tsai's Associated Madison Cos., a holding company with a major subsidiary in life insurance. "American Can will be a distribution and financial services company," says analyst Stupay. "The can business will still be there, but the company won't be pouring money into it."

At Continental Group, energy is the new slogan. The company acquired Florida Gas Co. in 1979, and is now exploring for oil and gas and operating a gas pipeline from the Texas-Mexico border to Florida. It is also planning a coal-slurry pipeline from Appalachia to the Southeast. Even Owens-Illinois is pruning its packaging business, selling off bits and pieces and looking for new areas. It recently announced a move into hospital management through a joint venture with the former head of Hospital Management Corp.

Other companies in the industry are closing down or selling capacity. Crown Cork & Seal has closed five of its production lines for two-piece cans. National Can has consolidated operations in both its metal and glass container businesses. And Anchor Hocking has sold off three marginal glass-container facilities. It's quite a paradox: America is the quintessential packaged society, but the people who make the packages can't make money at it. ■

A glimmer for glass

It's the elegance factor," says an executive at Jos. Schlitz Brewing Co. "A bottle looks nicer on the table than a can."

Especially if it's something like Michelob's sleek brown hourglass bottle or Löwenbräu's tall, green old-world look. Were it not for marketing decisions like that by such outfits as Anheuser-Busch, Miller Brewing, Schlitz and Adolph Coors, the glass industry would be a lot worse off than it is. The fact is, beer is keeping glass going.

Shipments of beer bottles have grown at a compound average annual rate of 8.5% over the past eight years, according to government statistics, while glass containers for soft drinks have declined at about 2.2% and were flat for food and toiletries. Beer bottles now account for over 35% of total glass container shipments as opposed to 20% in 1972.

The trend probably will continue. Some medium-priced beers are now being packaged in glass. Also, adds John Pedace, executive vice president of marketing at G. Heileman Brewing, squat little bottles are less expensive than cans.

Don't count cans out, though. Beer bottle shipments grew only 2% (not compounded) last year, while the use of beer *cans* grew 5%. So the glimmer of glass may someday fade for all but the premium beers, where the "elegance factor" remains crucial.—**J.A.B.**

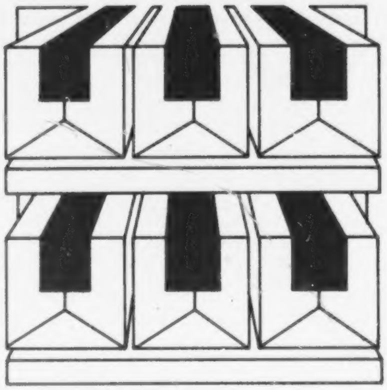
Packaging

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Sonoco Products	18.0%	**1**	19.2%	0.2	14.9%	1	14.9%	7.0%	15.2%	**4**	16.5%	**3**
Stone Container	16.2	**2**	20.6	0.5	12.4	5	10.1	5.8	11.8	**10**	9.6	**10**
Crown Cork & Seal	15.4	**3**	10.1	0.0	9.1	**2**	13.4	3.9	13.0	**6**	14.1	**5**
Ball Corp	15.3	**4**	14.7	0.8	8.7	**4**	10.3	3.3	16.3	**3**	14.1	**6**
Maryland Cup	14.9	**5**	15.5	0.4	11.1	**3**	10.5	4.7	16.7	**2**	16.7	**1**
Continental Group	13.9	**6**	17.4	0.5	11.0	**6**	9.9	5.4	9.2	**14**	14.7	**4**
National Can	12.9	**7**	10.8	0.4	7.9	**8**	9.2	2.3	12.7	**7**	9.0	**12**
Anchor Hocking	12.5	**8**	10.1	0.3	8.0	**7**	9.6	3.2	11.9	**9**	8.5	**13**
Dorsey	12.4	**9**	10.0	0.6	7.8	**10**	8.6	1.8	21.0	**1**	16.6	**2**
Owens-Illinois	11.6	**10**	12.6	0.5	8.4	**12**	8.0	4.0	10.6	**12**	9.9	**9**
Bemis	11.5	**11**	9.8	0.4	7.3	**11**	8.2	2.3	4.3	**16**	10.0	**8**
American Can	10.9	**12**	7.2	0.5	5.0	**14**	7.6	1.6	10.9	**11**	11.5	**7**
Diamond Intl	10.4	**13**	6.8	0.2	5.9	**9**	9.0	2.8	10.1	**13**	–0.5	**15**
Kerr Glass Mfg	10.2	**14**	9.8	0.6	7.2	**13**	7.9	2.6	12.4	**8**	9.6	**11**
Brockway Glass	9.3	**15**	8.3	0.5	6.0	**15**	7.4	2.3	14.2	**5**	1.7	**14**
Saxon Industries	4.7	**16**	2.6	1.5	3.8	**16**	4.5	0.4	9.0	**15**	–0.6	**16**
Industry medians	**12.5**		**10.1**	**0.5**	**8.0**		**9.1**	**3.0**	**12.2**		**10.0**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

Two things are growing in the food business: the market share of large wholesale suppliers and the costs of running a warehouse.



Wholesalers

By Steven Flax

FOOD PRICE INFLATION slowed dramatically last year, to less than 5% in the latter six months. Prices actually declined for produce and meat. That spelled good news for supermarket shoppers but not necessarily good news for supermarket suppliers—wholesalers who supply food, nonfood products and vital operating services to the U.S.' 112,600 independent grocers.

Food wholesalers, such as Seattle-based Associated Grocers Inc., saw their costs of refrigeration, rents and labor—Teamster-unionized Associated pays an unskilled warehouseman over $20 an hour including fringes—continue to soar.

It was a tough business. Because of the high interest rates, small addi-

Wholesalers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Food distributors												
Super Valu Stores	28.9%	**1**	26.1%	0.5	18.6%	**1**	18.7%	1.3%	16.6%	**5**	25.6%	**1**
Farm House Foods	19.9	**2**	17.3	1.8	3.7	**10**	7.7	0.3	36.5	**1**	16.5	**4**
Malone & Hyde	18.1	**3**	12.1	0.6	9.2	**2**	15.3	0.9	17.1	**4**	12.2	**6**
Sysco	18.0	**4**	20.1	0.4	15.4	**3**	13.6	2.0	17.9	**2**	17.6	**3**
Fleming Companies	17.9	**5**	18.4	0.7	12.7	**5**	12.6	0.8	14.1	**8**	11.1	**7**
Nash Finch	15.4	**6**	13.9	0.4	11.1	**4**	12.6	1.0	13.6	**9**	8.2	**9**
Flickinger	15.1	**7**	16.3	0.3	12.9	**6**	12.5	0.8	15.4	**6**	13.2	**5**
Wetterau	14.7	**8**	8.1	0.5	6.2	**7**	11.5	0.5	13.0	**10**	5.8	**10**
Super Food Services	13.7	**9**	8.6	1.0	7.8	**8**	9.6	0.2	17.4	**3**	10.0	**8**
Pac Gamble Robinson	11.3	**10**	10.1	0.7	7.4	**9**	8.8	0.7	8.9	**13**	2.4	**11**
Di Giorgio	10.3	**11**	9.2	0.8	6.3	**11**	7.4	1.1	10.2	**12**	20.2	**2**
CFS Continental	9.2	**12**	13.5	0.6	9.2	**12**	7.0	1.2	15.2	**7**	–0.4	**12**
Scot Lad Foods	1.9	**13**	11.8	1.1	8.2	**13**	1.9	0.5	2.7	**14**	P–D	**13**
Cal-Maine Foods	def	**14**	def	1.6	def	**14**	1.6	def	10.3	**11**	P–D	**13**
Medians	**14.9**		**12.8**	**0.7**	**8.7**		**10.6**	**0.8**	**14.7**		**10.6**	
Other wholesalers												
Phibro	36.0%	**1**	25.3%	0.4	19.6%	**1**	28.5%	1.2%	33.4%	**1**	27.9%	**2**
Std Comml Tobacco	23.6	**2**	21.0	0.4	17.7	**2**	19.4	2.1	33.2	**2**	23.5	**3**
Universal Leaf	18.2	**3**	18.7	0.4	13.2	**3**	16.4	2.9	8.1	**9**	16.4	**4**
Univar	18.0	**4**	23.9	1.0	13.6	**7**	10.9	2.3	11.3	**6**	14.4	**6**
Foremost-McKesson	17.6	**5**	16.1	0.5	11.3	**9**	10.8	1.7	9.5	**8**	10.8	**7**
Lowe's Companies	16.2	**6**	10.1	0.3	8.8	**5**	12.8	1.9	14.8	**4**	7.2	**9**
Amer Hospital Supply	15.2	**7**	14.5	0.2	12.6	**4**	12.8	5.0	15.8	**3**	15.2	**5**
Bergen Brunswig	13.8	**8**	21.2	0.4	17.4	**6**	11.1	1.4	14.3	**5**	63.5	**1**
Dibrell Brothers	12.8	**9**	14.7	0.3	11.2	**8**	10.8	1.6	10.5	**7**	10.2	**8**
Medians	**17.6**		**18.7**	**0.4**	**13.2**		**12.8**	**1.9**	**14.3**		**15.2**	
Industry medians	**15.4**		**14.7**	**0.5**	**11.2**		**11.5**	**1.2**	**14.3**		**12.2**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. def: deficit.

tions to wholesalers' warehouses now cost more than the warehouse did. Many independent grocers, their cash flows sharply cut by cost-conscious shoppers, turned to their wholesalers for financing. Super Valu Stores Inc. has close to $100 million in financing outstanding to its retailers, despite the fact that real sales growth in its territories has been running at only 0.3% a year. Other large wholesalers—hit by massive customer defaults—found themselves partners in failing retail businesses.

Joe Hyde, president of Memphis-based Malone & Hyde, Inc., summed up the industry's exasperation: "We've never had 20% interest rates with a deflation of food prices."

But there is a compensating factor for such big wholesalers as Fleming Cos., Super Valu and Malone & Hyde. It's called consolidation. Six years ago there were 1,470 wholesalers in the country; today there are about 1,240. As the costs have risen, much of those wholesalers' sales growth has come from small competitors' quitting and leaving them their business.

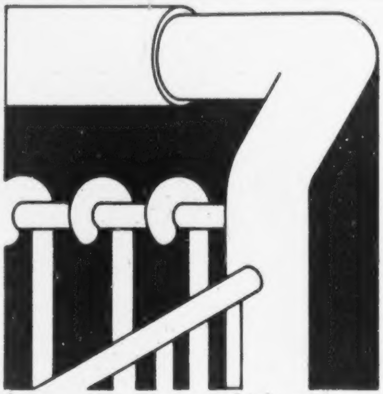
This consolidation wave reflects changes occurring at the retail level, where chains such as A&P have pulled out and independents took over the stores. Ultimately this increases the demand for wholesalers' services.

Today the big wholesalers supply their client stores with lease guarantees, merchandising, advertising, personnel training, financial statements, bill paying and payroll accounting. For small chains, the wholesalers also provide insurance and real estate development, market analyses and designs for new stores. They maintain price files for scanner systems and help with labor scheduling. Such services, which are often provided at cost, help wholesalers' clients compete against the large chain stores. This means increased volumes and profitability for supermarket suppliers, as well as more loyalty from their clients.

Clearly, there is change and growth in wholesaling for the more powerful players. But much still depends on the territory. In some regions, such as the Northeast, wholesalers will be slugging it out in a no-growth market. Even in the Northwest there is uncertain growth. Associated Grocers' market share increased 1% in 1981, but the market shrank 2.4%. And that was before neighboring Boeing started recent layoffs. Meanwhile, in Fleming Cos.' southwestern market territory, vibrant growth is expected to continue.

The wholesalers who will survive face formidable capital expenditures—for huge mechanized warehouses and automated computer ordering. They must bend every effort to keep nonfood costs down. People always have to eat, but they don't have to buy what they eat from supermarkets whose prices reflect Teamster wages back in the warehouse. ■

You can't yet say that groceries have become a loss leader. But the big chains are acting as if that day were not far off.



Supermarkets

By Steven Flax

I SIT ON THE BOARD of Pacific Gas & Electric," says Peter Magowan, chief executive of Safeway Stores, the nation's largest supermarket chain, "and when I heard their proposed rate increases, I blanched."

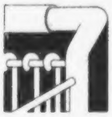
Magowan will have plenty of other things to blanch about this year. The food business is as close to recession-proof as you can get; people have to eat, no matter what. The problem is something else: The supermarkets' historic strategy—maximize volume, slice the margins as thin as smoked salmon—is being turned against them with a vengeance.

The result is that those food margins, historically about 1%, are declining further. Overall supermarket margins in 1981, for example, were only 0.8%; on food alone, they were probably even lower.

That happened even though inflation in food was far less than expected. Early in 1981 the USDA forecasted an overall increase in food prices of 10% to 15%. For the first half of the year, producers' prices seemed to be bearing out the predictions. But in the last half, the rate slowed dramatically, to less than 5%. For some categories, produce and meat, for example, prices were actually lower than they had been the year before.

The reasons: oversupply caused by bumper grain harvests; competition from generic items, which are competing with national brands in many more categories; consumers trading down in the grocery store from beef to poultry and pork.

Upstream, the industry is taking full advantage. Buyers from the chains or the major wholesalers have gotten a lot more aggressive. They learned a lesson in buying for the chains' new "warehouse format" stores, where managers may stock only Heinz ketchup one week and Del Monte the next. The customers didn't mind as long as the price was right. So there is a lot more buying on a "deal only" basis. But what happens downstream? As new store openings have slowed because of high interest rates, the chains have had to scramble for market share largely on price alone, leading to ruinous price wars. In one Washington, D.C. area slugfest last



year, Giant Food went into the red and Pantry Pride (formerly Food Fair) closed down 54 stores. Safeway's Magowan, one of the walking wounded from that Washington price war, admits that much of 1981 was spent "retaining sales at the expense of profits." Such a situation is terrific, if temporary, for the consumer. But it will be plenty unhealthy this year if, like Safeway, you have nearly 1,300 labor contracts tied to the CPI.

The answers? Almost all of them involve something other than food. Most major chains and independents will intensify their search for higher-margin nonfood items this year: auto supply departments and florists, for example, where gross margins can reach 50%. By the end of 1982 Safeway will have more than 300 pharmacies; a little over two years ago it had just ten. Paperback books, health and beauty aids and housewares all help.

The most far-reaching response, though, is the divergence between upscale specialty stores and bare-walls "warehouse" discounters—the same phenomenon that has already transformed department stores. While Grand Union pushes a $300 million remodeling of its larger stores, it is turning others into BASICS Food Warehouses. Safeway is converting many older stores that it might have abandoned into either discount Liquor Barns or upscale Farmer's Markets emphasizing gourmet items and fancy produce. Other chains have opened stores that are surprisingly luxurious *(see box)*.

Also crucial in getting through a tough 1982 will be the benefits of new technologies such as heat reclamation systems, energy-efficient lights, even wind deflectors on trucks. The most important will be the far more extensive use of scanners, those machines at the checkout that automatically "read" the product and price, tabulate the sale on the customer's receipt and report it to the inventory control in the computer's memory.

More progressive chains, such as Giant Food Inc. and Ralphs in Los Angeles, have already demonstrated that scanners can increase productivity at the checkout and reduce "shrink," loss of inventory through misrings or theft. Giant hopes to save 1% of gross sales per year—$15 million—through scanning. But new and unexpected benefits have developed as chains have become more familiar with scanners. Analyzing scanning data can help stores improve shelf allocation, determine the effectiveness of promotions, track sales of new items, measure cashiers' productivity and help with front-end scheduling. In fact, since scanning data amounts to instant market research, Giant has started selling its scanning information to national manufacturers outside the industry. Patrick Collins, president of Ralphs, says scanners enabled his company to try to turn over parking spaces much faster at stores where parking was scarce. Ralphs executives could prove with the scanning data at such stores that, like

Hash with panache

Why do the tour buses regularly stop at the huge (92,000-square-foot) new Byerly's store in the Minneapolis suburb of St. Louis Park? Like four other Byerly stores in the Twin City area, it's clearly a supermarket. But this is no ordinary supermarket.

The smell of refrigeration, for example, has been replaced by the aroma of baking bread, roasting ribs and bubbling soups. Gone are linoleum and fluorescent lights; every Byerly's is carpeted and bathed in indirect lighting. And it's clean—"cleaner," as one visitor put it, "than my living room."

Some of the groceries match the decor: octopus at $1.99 a pound, roast suckling pig at $125 or live lobsters at $6.45 a pound, selected from a saltwater tank. The in-store staff includes home economists, caterers and pastry chefs. After you finish your shopping, an underground conveyer belt whisks your groceries away, to be retrieved later at the drive-in loading station, and you can spend the rest of the day at Byerly's wine-tasting seminars or cooking lessons.

The key to Byerly's success, though, is that whether or not you are looking for live lobster or suckling pig, prices on more mundane items—apples, oranges, round steak or Rice Krispies—are competitive with the Safeway in the area. These standard grocery items make up about 43% of the St. Louis Park store's sales. Another 44% comes from departments with fat margins like meat, produce and deli, restaurant and bakery items. The other 13% comes from specialty shops, such as a gift gallery selling a $75,000 six-foot, gold-plated birdcage. Well over half of total sales are in higher-margined merchandise. So founder and President Don Byerly can pay for the carpet and chandeliers and still make net margins of up to twice as much as the industry as a whole.

Now 42, Byerly grew up steeped in the food business (his father, Russell Byerly, was president of Super Valu). "It sounds corny, but in the sixth grade when most kids wanted to be doctors or policemen, I wanted to be a grocer," he says.

Byerly opened his first store in 1968 when he was 28. The idea of the luxury supermarket goes back to high school days, when Byerly began his search for the perfect grocery store. Today his more than $100 million (sales) private company is pushing 25% annual growth in the slow-growing industry. He has done it by offering the shopper splash, panache and showmanship along with the milk and eggs.

Byerly's St. Louis Park, Minn. store
Shopping under the chandeliers.

An innovator from the start, Byerly had housewives look at his first store before it opened. They told him they hated being distracted by their children's pleas for candy at the checkout counter. So Byerly ignored the tempting high margins on those items and left his checkout counters bare.

Byerly's stores still stay in touch with customers through periodic surveys; when a recent one indicated interest in generics—not exactly in line with the supermarket's pricey image—no-name products showed up on the shelves just a week later.—**Ellen Spragins** stools at a bar, the number of parking spaces was the main determinant of sales volume.

On the horizon are some demographic changes favoring the industry. Between 1978 and 1990, 20.7 million new households will be established, an increase of 27%, and the prime 25-to-44-year-old age group will increase by 33%. Also good news is the fact that over 4 million babies will be born annually between 1985 and 1989. But none of these changes—equally opportune for all competitors—will make as much difference in the short run as CPI-tied labor increases and skyrocketing energy costs. For the next couple of years, in this industry founded on productivity, doing everything possible to increase that productivity further will barely be enough. ■

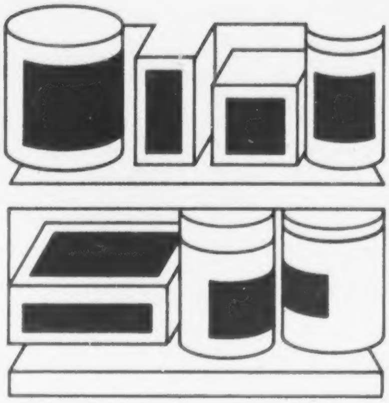
Supermarkets

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Major chains												
Albertson's	24.4%	1	21.5%	1.0	13.2%	5	13.7%	1.4%	19.7%	2	21.4%	2
Lucky Stores	24.2	2	19.8	0.9	11.7	4	14.9	1.3	15.5	5	11.7	7
Dillon Companies	24.1	3	25.7	0.5	16.7	2	18.0	1.7	18.8	4	16.9	5
Winn-Dixie Stores	20.6	4	19.7	0.2	17.3	1	18.0	1.6	14.6	6	11.6	8
Supermarkets General	20.4	5	18.0	1.3	10.3	7	10.5	0.9	10.3	9	27.4	1
American Stores	19.8	6	15.4	1.1	8.8	3	16.0	0.7	47.9	1	21.1	3
Southland	16.4	7	16.5	1.0	10.1	8	10.0	1.7	19.3	3	15.9	6
Kroger	15.3	8	15.3	0.5	10.5	6	10.6	0.9	13.3	7	19.0	4
Jewel Companies	13.7	9	18.8	0.7	10.5	9	8.7	1.8	9.2	10	10.3	9
Safeway Stores	13.4	10	10.2	1.0	6.9	10	8.6	0.7	10.9	8	3.7	11
Stop & Shop	12.2	11	11.4	1.3	8.1	11	7.6	0.7	9.1	11	6.3	10
Great Atl & Pac Tea	def	12	def	0.8	def	12	def	def	1.0	12	D–D	12
Medians	**18.1**		**17.3**	**1.0**	**10.4**		**10.6**	**1.1**	**14.0**		**13.8**	
Regional chains												
Food Town Stores	34.6%	1	32.1%	0.2	26.5%	1	28.1%	3.5%	31.5%	2	34.3%	4
Natl Convenience Strs	25.7	2	26.6	1.1	13.8	5	14.7	2.0	18.8	7	27.0	7
Big V Supermarkets	24.8	3	23.5	0.6	15.9	3	15.2	1.4	21.8	3	30.6	5
Circle K	24.0	4	25.6	1.0	14.5	5	14.7	2.4	19.2	6	20.3	9
Niagara Frontier Services	21.9	5	14.8	0.8	10.2	4	15.5	1.3	21.0	5	16.5	12
Cullum Companies	20.8	6	22.6	1.0	12.9	8	11.6	1.4	16.0	9	30.3	6
Weis Markets	20.8	7	20.1	0.0	20.1	2	20.8	4.9	13.6	13	16.6	11
Marsh Supermarkets	17.7	8	20.0	1.2	10.7	13	10.5	1.2	11.7	20	17.9	10
Hannaford Bros	17.5	9	21.3	1.5	10.4	15	10.1	1.2	12.7	16	11.8	17
Seaway Food Town	17.1	10	17.7	0.9	10.7	12	10.9	1.2	13.3	14	15.8	13
Fred Meyer	16.7	11	14.3	0.6	10.5	10	11.1	2.7	12.2	17	15.6	14
Pneumo	15.4	12	19.4	1.2	10.8	11	11.0	1.6	15.7	10	26.2	8
Ruddick	15.0	13	15.1	0.9	9.6	16	10.1	1.7	13.1	15	39.2	2
Giant Food	15.0	14	9.2	0.8	6.5	18	9.7	0.7	11.1	21	11.9	16
Penn Traffic	14.6	15	11.1	0.5	8.5	8	11.6	1.2	17.6	8	10.9	18
Waldbaum	14.2	16	13.6	0.9	8.9	17	9.7	0.8	14.1	12	14.8	15
Thriftimart	14.2	17	13.0	0.2	11.1	7	11.8	1.3	6.4	23	160.1	1
First Natl Supermkts	14.2†	18	13.2	1.8	8.6	14	10.2†	0.5	38.5‡	1	5.9‡	21
Godfrey	13.9	19	11.8	0.9	7.5	19	9.4	0.7	12.2	17	10.3	19
National Tea	12.6	20	9.2	1.1	6.5	20	8.5	0.7	–2.2	27	D–P	
Pueblo International	11.1	21	7.3	0.9	6.4	22	7.7	0.6	–8.6	31	D–P	
King Kullen Grocery	8.3	22	8.2	0.0	7.9	21	7.9	0.5	14.4	11	9.4	20
Arden Group	7.6	23	10.0	1.1	6.9	24	5.5	0.6	–3.9	28	D–P	
Fisher Foods	5.8	24	11.5	1.3	7.1	25	4.8	0.6	5.8	25	–16.4	22
Foodarama Supermkts	5.6	25	3.1	0.5	3.7	23	6.0	0.1	6.1	24	D–P	
Shopwell	5.0	26	5.2	1.5	4.6	26	4.4	0.2	8.6	22	D–P	
Munford	2.1	27	10.5	1.5	6.8	27	3.6	1.1	5.4	26	–29.0	23
Borman's	def	28	def	1.1	def	28	1.9	def	11.7	19	P–D	24
Pantry Pride	def	29	def	2.2	def	30	def	def	–4.6	29	P–D	24
Allied Supermarkets	def	30	NE	NE	19.4	29	def	0.7	–7.3	30	D–D	26
Bruno's	**		37.7	0.6	21.7		**	1.9	21.7‡‡	4	37.6‡‡	3
Medians	**14.4**		**13.2**	**0.9**	**9.6**		**10.1**	**1.2**	**12.7**		**15.7**	
Industry medians	**15.0**		**14.8**	**0.9**	**10.2**		**10.2**	**1.2**	**13.1**		**15.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ‡Four-year growth. ‡‡Three-year growth. P-D: profit to deficit. D-D: deficit to deficit.
D-P: deficit to profit; not ranked. def: deficit. **Not available; not ranked. NE: negative equity.

Looking like a department store while pricing like a discounter may seem like sleight of hand, but a dozen or so well-managed chains have gotten rich doing it. So rich that they're about to get some formidable competition.



General retailers

By Jane Carmichael

JUST ABOUT EVERYBODY who failed to differentiate themselves from K mart—W.T. Grant, Korvettes, Mammoth Mart—they're all dead," says retailing consultant Leo Shapiro. Put another way, there are only a couple of big, true discount chains left. The rest of the survivors are discounters at the market's high end: Target, Mervyn's, Caldor, Wal-Mart, Venture, Richway, Gold Circle, Bradlees. They have maintained an image of department-store-quality merchandise sold in attractive surroundings, but at discount prices, thus drawing in the more affluent bargain hunters who wouldn't be caught dead in K mart. No mean trick in the discount business, where you make money by keeping overhead low and volume high. But money these discounters have made: A successful one like Target or Mervyn's can return 15% on assets and 10% in operating margins, numbers almost unheard of in conventional retailing.

So it's not surprising that the success of these retailers is in bringing in new competition. But the quarter it's

Sam's song

If discounters at the high end of the market are setting the pace for retailing, Wal-Mart Stores is setting the pace for those retailers. The Bentonville, Ark.-based chain will report sales of about $2.5 billion in fiscal 1982 (ending Jan. 31), up from $1.6 billion last year. Taking into account only the revenues of the 330 stores in operation on Jan. 31 last year, sales grew 17%. The company, closely held by the family of Chairman Sam Walton, had an average return on equity over the last five years of 30.6%, and average earnings-per-share growth of 32.8%. Some 491 Wal-Mart stores now dot the south-central U.S. landscape, with the heaviest concentration in Missouri, Arkansas, Oklahoma and Texas.

How did Wal-Mart get so profitable? Retail consultant Alton Doody explains it in two words: gifted leadership. The most gifted has been silver-haired Sam Walton, now 63. In 1978 Walton named Jack Shewmaker, 43, a veteran retailer, as president. Shewmaker will undoubtedly call the shots after Walton steps aside, which may not be soon.

Walton and Shewmaker, assisted by a cadre of seasoned managers, have made some big changes in the last few years. Wal-Mart started in the early 1960s with bare tile floors and pipe racks and did not begin to revamp its image significantly until the mid-1970s. Such retailers as Target, Venture and K mart provided the examples that Wal-Mart sought to emulate. "These ingenious retailers," says Shewmaker, "came along and regraded to the level of quality demanded by customers." But they still managed to maintain lower prices than the department stores.

That was the trick, Walton and Shewmaker decided. In 1978 they sent top Wal-Mart executives crisscrossing the country, visiting the competition and taking notes. Then Wal-Mart built two prototype stores—in Pine Bluff, Ark. and Moore, Okla.—that "we critiqued heavily," Shewmaker says. "We found some things we liked and some we didn't like. The ones we liked we put into our existing stores gradually and incorporated into our plans for new stores as we went along." The old Wal-Mart store colors, dark blue and white ("too harsh"), were dumped in favor of a three-tone combination of light beige, soft blue and burnt orange. Carpeting, which had been long discarded on apparel sales floors, was put back. New racks were put into use that displayed the entire garment instead of only an edge of it.

Another old institution returned, too: brand names. Not trendy names like Calvin Klein and Gloria Vanderbilt but time-tested ones like Wrangler jeans and Champion western shirts in apparel and Remington, Cannon, Coleman, Pioneer and Revlon in hard goods.

Selling quality merchandise in quality surroundings while maintaining a low-expense structure seems a little like legerdemain. Shewmaker says it's more like walking a tightrope. And thus has it been for all of Wal-Mart's competitors. With hefty competition on the way, it will be even more so. "Those guys from Detroit," as K mart is known around Wal-Mart's Bentonville headquarters, now go head to head with Wal-Mart in about 120 locations—and that number grows as both companies continue to expand. Who will come out on top? Sam Walton cautiously replies, "If K mart runs good stores, they'll do well. If we run good stores, we'll do well." K mart is one of the great success stories of retailing, but it would do well not to underestimate folksy Sam Walton.—**Kevin McManus** coming from is ironic indeed: K mart and Woolco, the very people they set out to avoid in the first place. Both chains are upgrading their stores just as fast as their capital budgets will let them: bringing in more brand-name merchandise, changing displays, to look more like those in department stores, getting rid of the popcorn machines. *(For an example of how it's done, see box.)* Woolco, which recently installed Target's former president in its top spot, will renovate 25 stores in 1982; K mart will have 720 "new look" stores (out of a total of 2,156) by the end of the year. Both intend to convert their entire nationwide chains within five years.

When they are finished, they will present the first significant competition the discounters at the high end of the market have ever had to face. That's because most of these discounters started out as regional chains and, mindful of what happened to the old-fashioned variety discounters when they tried to compete nationally, have stayed regional. For example, Target concentrates on the Midwest corridor (Minneapolis to Texas), Caldor on New England, Richway on the Southeast, Mervyn's on the West. Says retailing consultant Cyrus Wilson: "None of these guys are really competing with each other yet, whereas K mart and Woolco are going head to head in almost every major market."

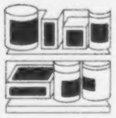
Even without the transformation of K mart and Woolco, national competition was bound to come eventually. For one thing, with last year's acquisition of Caldor by Associated Dry Goods, all the high-end discounters but Wal-Mart are now owned by big retailing chains: Target and Mervyn's by Dayton-Hudson, Richway and Gold Circle by Federated, Venture by May, Bradlees by Stop & Shop. Then, too, these discounters have been growing at 10% to 15% a year, and there's only so much strengthening of existing markets you can do before you have to look for new ones. In 1980 Target bought 40 stores from Ayr-Way, another midwestern chain. Chairman William A. Andres of Day-

General retailers

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Department stores												
Dayton-Hudson	23.6%	1	14.9%	0.3	12.0%	1	17.5%	3.4%	17.2%	2	24.7%	1
R H Macy	17.7	2	18.9	0.3	13.2	3	12.0	4.4	11.5	5	20.5	2
Mercantile Stores	14.8	3	15.8	0.4	12.3	4	11.7	4.6	12.2	4	11.3	4
Federated Dept Stores	14.7	4	13.7	0.3	10.8	2	12.4	3.7	11.4	6	9.6	8
May Dept Stores	13.9	5	13.8	0.6	9.2	6	9.4	3.6	10.3	7	10.1	6
Carson Pirie Scott	13.5	6	15.9	1.6	7.5	9	8.6	2.4	9.4	11	13.9	3
Allied Stores	12.9	7	11.3	0.6	7.9	7	9.1	3.4	6.0	15	10.2	5
J C Penney	12.0	8	12.9	0.5	9.3	5	9.9	2.8	9.5	10	6.4	9
Carter Hawley Hale	11.9	9	9.0	0.9	5.6	11	7.6	1.9	15.0	3	3.4	12
Strawbridge & Clothier	10.8	10	10.6	0.6	8.2	10	8.3	3.2	9.7	9	10.1	7
Sears Roebuck	10.6	11	6.6	0.4	5.9	8	9.0	1.9	8.6	12	3.7	11
Dillard Dept Stores	10.4	12	13.4	1.2	7.9	13	6.8	2.4	18.9	1	5.2	10
Associated Dry Goods	9.0	13	9.4	0.3	8.1	11	7.6	2.2	7.0	13	1.2	13
Marshall Field	7.6	14	8.5	0.4	6.2	14	6.3	2.2	10.3	7	–2.1	14
Alexander's	1.2	15	def	1.4	def	15	2.3	def	6.4	14	–24.3	15
Goldblatt Brothers	def	16	def	1.4	def	16	def	def	0.7	16	P–D	16
Medians	**12.0**		**12.1**	**0.6**	**8.0**		**8.8**	**2.6**	**10.0**		**8.0**	
Discount & variety stores												
Wal-Mart Stores	30.6%	1	27.9%	0.7	18.2%	1	20.6%	3.3%	37.4%	1	32.8%	2
SCOA Industries	29.4	2	23.6	0.9	15.0	2	17.6	2.9	14.1	5	48.6	1
Heck's	18.7	3	16.2	0.9	10.4	3	13.5	3.3	21.9	2	18.1	4
K mart	16.0	4	9.9	0.9	7.0	4	11.8	1.5	17.1	3	11.9	6
KDT Industries	13.4	5	1.6	1.7	1.7	6	9.9	0.2	16.8	4	3.2	9
Hartfield-Zodys	13.1	6	5.4	1.8	4.5	9	7.0	0.7	8.8	8	D–P	
Household Intl	12.9	7	7.4	2.0	4.6	10	6.4	1.4	13.9	6	5.0	8
Rose's Stores	12.1	8	11.0	0.2	9.8	5	10.9	1.4	7.3	11	19.9	3
F W Woolworth	11.8	9	8.7	0.6	6.9	7	8.5	1.6	9.6	7	8.8	7
Zayre	11.3	10	13.5	1.3	8.9	8	7.5	1.4	7.5	10	17.4	5
G C Murphy	6.2	11	7.9	0.5	6.3	11	5.2	1.3	7.8	9	–3.6	10
Cook United	4.1	12	3.0	1.0	3.7	12	4.1	0.5	–1.5	12	D–P	
Vornado	def	13	def	0.7	def	13	0.2	def	–4.5	13	P–D	11
Medians	**12.9**		**8.7**	**0.9**	**6.9**		**8.5**	**1.4**	**9.6**		**11.9**	
Industry medians	**12.1**		**10.6**	**0.7**	**7.9**		**8.6**	**2.2**	**9.7**		**9.6**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
P-D: profit to deficit. D-P: deficit to profit; not ranked. def: deficit.



ton-Hudson says he would consider another such acquisition, not only in existing markets but also in new ones. Meanwhile, Andres plans to spend around $1 billion through 1986 to expand Target and Mervyn's, D-H's West Coast discounter. Within five years Target will add 114 stores to its current 151, and Mervyn's will more than double, from 80 stores to 180. May's Venture has digested its last major expansion in 1978 and is now in a position to grow again. It will start by adding three stores this year. Federated is closing its six Gold Triangle stores in Florida and converting them into Richways. The company says this could set the pace for a "major expansion."

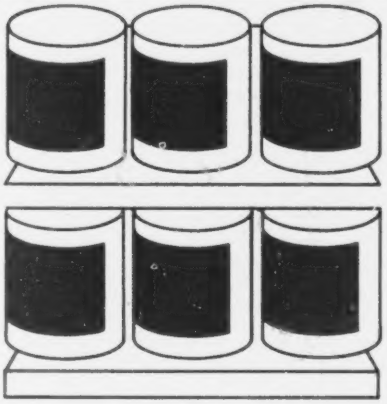
Caldor, one of the oldest and most successful of the high-end discounters, has always maintained that regionalism, combined with cautious growth, is its strength: "With growth comes weakness," says Caldor's vice president of stores, Gerald Morgasen. He has a point. Target and Gold Circle both got into trouble when they tried to leapfrog across the country, Target from Minneapolis to Texas and Gold Circle from the Midwest to California. Even at that, though, Morgasen refuses to rule out expansion into new territory. Last year Caldor converted four old Korvettes stores acquired in New Jersey, a new market. It will add 10 this year to its 74 stores.

"The upscalers are already starting to fall over each other," says consultant Shapiro. "You're talking about the end of growth in three to five years." The store executives themselves aren't nearly that pessimistic, but they do concede that the competition is heating up. Andres points out that Target and Venture are already in St. Louis, and Caldor and Bradlees compete in the Northeast. Target's Louisville and Cincinnati stores are close to Gold Circle's in Dayton, and Richway and Target are growing toward each other in Tennessee.

When will full-scale, head-to-head national competition break out? Andres and others believe it is at least ten years away. Meantime, Andres says: "Those retailers who can't find a niche in the marketplace will find it increasingly hard to maintain their market share and their profitability." He tells of a recent visit to Indianapolis to check on the conversion of Ayr-Way stores into Targets—but also, not incidentally, to check out the new-look K mart: "I must say K mart did an excellent job of improving the appearance of their stores. At the same time, Target had gotten better as well." He pauses, then adds, "I was pleased to see there was still a differential."

Of course, in a business where so much depends on keeping overhead low, there's a limit to how far such a remodeling race can productively go. Says Andres, with characteristic caution, "The typical pattern in most industries is that they do tend to narrow down as the various companies come into competition with each other." Another discount store executive put it more bluntly: "Two chains can probably survive in the same market. But more than that? I don't know." It seems inevitable that at some point at least some of these discounters will go the way of Grant and Korvettes. The more things change. . . . ■

Almost anyone can start a mail-order business.
But staying in business is harder than starting.



Specialty retailing

By Jane Carmichael

NO ONE KEEPS really reliable numbers on the mail-order catalog market, but on one thing almost everyone agrees: The last two years have seen the biggest catalog boom in history. There are now something like 4,000 to 5,000 mail-order catalogs for consumer goods, up from a handful ten years ago. Total sales from consumer catalogs were estimated at around $25 billion in 1981. (An often-cited $40 billion from the Direct Mail Marketing Association includes telephone and TV solicitations, as well as some insurance and financial services.)

So, of course, certain developments are almost predictable. Listen to Roger Horchow, whose $40 million (sales) Horchow Collection, based in Dallas, is one of the more spectacular mail-order successes. "In 1981 I think I saw more new catalogs than ever before in my nine years in the business," says Horchow in a slow Texas drawl. "And this year, I predict, we will see the biggest wave of bankruptcies ever." Adds Dallas-based consultant Jacques Vroom, who helped Horchow get started, "They'll be dropping like flies."

The mail-order business has never been easy—it just looks easy. In the best of times, only one in four new catalogs survives its first three years. And these are not the best of times. Horchow ticks off the economics of the business: "Cost of goods runs about 50% of sales. Of the 50% left, a very good company runs 10% to 15% for the cost of handling the order and overhead. That leaves 35% to 40% to pay for your catalog, and then you're just breaking even."

The cost of producing the catalog, too, has skyrocketed. Postage is up from 2 cents per catalog in 1959 to

10.9 cents today. The cost of renting names for a mailing list has gone in six years from $30 a thousand to as high as $80. The costs of paper, printing and photography likewise have soared. Horchow says his sales per thousand—the industry measure of profitability—has dropped over the past year from $4,000 in orders for every $1,000 spent producing the catalog, to $3,000. His profit margin has slid from 10% to 5%.

Of course, even a 5% margin looks good next to the usual retailing margin of 3% or 4%, and that, together with the fact that it only takes $500,000 to $1 million to start a catalog, helps explain why neophytes keep jumping in. "Probably 90% of all catalogs are started by people with no previous mail-order experience," says Vroom. "What they don't understand is that while it's easy to get into the market, it usually takes several years for a catalog to pay off."

Some of those neophytes in recent years have been big companies that thought mail order was no harder than ordinary marketing. Chris-Craft sold its catalog last year to a list broker. The Clydesdale Collection, started by Anheuser-Busch two years ago to sell everything from beer mugs

Specialty retailers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Drug chains												
Rite Aid	21.7%	1	20.2%	0.1	18.3%	2	19.2%	3.8%	18.9%	7	23.5%	2
Revco D S	21.3	2	19.7	0.3	16.3	4	17.7	3.3	20.9	5	21.9	3
Longs Drug Stores	20.8	3	17.9	0.0	17.9	1	20.8	3.0	17.2	8	14.4	9
Pay Less Drug NW	20.2	4	18.6	1.5	10.1	6	14.2	2.0	23.2	3	17.7	7
American Stores	19.8	5	15.4	1.1	8.8	5	16.0	0.7	47.9	1	21.1	4
Jack Eckerd	19.1	6	19.1	0.0	18.3	3	18.5	4.5	24.1	2	16.7	8
Nordstrom	18.7	7	19.1	0.8	11.6	7	13.3	5.3	20.3	6	18.6	6
Walgreen	17.6	8	19.5	0.4	14.7	8	12.6	2.4	6.9	11	19.6	5
Pay'n Save	16.2	9	12.3	0.8	8.6	9	12.0	1.9	22.0	4	12.1	11
Peoples Drug Stores	15.7	10	16.3	0.6	12.4	10	11.8	1.5	12.8	9	24.9	1
Thrifty Corp	13.9	11	16.4	0.9	12.5	11	10.4	1.7	12.2	10	12.8	10
Medians	**19.1**		**18.6**	**0.6**	**12.5**		**14.2**	**2.4**	**20.3**		**18.6**	
Fast food chains												
McDonald's	24.1%	1	22.2%	0.8	13.0%	1	13.6%	10.6%	20.5%	2	22.0%	1
Denny's	19.9	2	17.8	1.2	9.9	2	11.8	3.4	22.2	1	17.9	2
Host International	18.2	3	6.6	0.7	5.3	3	11.7	1.4	12.0	5	16.9	3
Saga	13.1	4	18.3	0.6	11.6	4	10.5	1.5	17.4	4	6.4	4
Gino's	8.6	5	5.1	3.7	6.1	5	6.6	0.5	9.1	6	–6.5	5
Sambo's Restaurants	def	6	def	5.8	def	6	0.3	def	18.8	3	P–D	6
Medians	**15.7**		**12.2**	**1.0**	**8.0**		**11.1**	**1.5**	**18.1**		**11.7**	
Other specialists												
Tandy	47.0%	1	40.8%	0.2	31.1%	2	27.6%	10.4%	23.3%	5	41.5%	1
Avon Products	30.8	2	25.9	0.0	24.5	1	30.0	9.0	12.9	13	10.5	14
Toys "R" Us	28.1†	3	19.4	0.3	17.4	8	16.1†	5.0	26.2‡‡	3	30.2‡‡	3
Melville	27.7	4	23.5	0.2	22.5	4	25.9	4.7	19.1	6	20.6	6
Petrie Stores	27.6	5	22.7	0.0	22.6	3	27.5	9.8	13.1	11	15.7	10
Service Merchandise	27.5	6	18.3	1.5	11.2	7	19.2	2.4	37.6	1	30.0	4
Best Products	27.3	7	15.3	1.3	9.1	5	20.4	2.3	33.9	2	39.3	2
Edison Bros Stores	23.6	8	19.1	0.2	16.2	6	19.7	4.9	12.9	12	18.9	8
Morse Shoe	17.3	9	11.2	0.4	9.2	9	15.2	2.6	15.2	10	21.9	5
Gordon Jewelry	16.4	10	15.0	0.6	12.1	10	13.7	5.5	17.3	8	17.9	9
Brown Group	15.7	11	17.3	0.3	14.1	12	12.7	4.0	9.4	15	15.3	12
Zale	14.6	12	15.9	0.2	14.5	11	12.8	8.3	8.1	16	14.1	13
Levitz Furniture	14.5	13	9.7	1.0	7.1	14	9.6	2.5	7.1	18	19.7	7
Modern Merchandising	14.0	14	5.6	1.5	5.0	16	9.3	0.8	25.7	4	7.2	15
ARA Services	12.3	15	9.5	0.5	7.3	15	9.4	1.6	15.5	9	6.0	16
Lane Bryant	11.9	16	11.9	0.2	10.0	13	10.1	2.8	4.2	19	5.9	17
Wickes Companies	10.7	17	3.4	2.1	4.9	17	8.4	0.2	18.1	7	15.6	11
Beneficial Corp	9.3	18	def	3.1	3.7	19	5.7	0.5	8.0	17	–3.8	18
Pittston	8.6	19	4.9	0.2	3.9	18	7.3	1.5	9.9	14	–11.9	19
Genesco	def	20	17.8	1.7	7.5	20	def	1.9	–6.0	20	D–D	20
Medians	**16.1**		**15.6**	**0.4**	**10.6**		**13.3**	**2.7**	**14.2**		**15.7**	
Industry medians	**17.6**		**17.3**	**0.6**	**11.6**		**12.8**	**2.5**	**17.3**		**16.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ‡‡Three-year growth. P-D: profit to deficit. D-D: deficit to deficit. def: deficit.

to player pianos, is "under evaluation," says the company. Norm Thompson, a gift catalog started by Parker Pen, was sold to its employees in 1980. Armstrong House, owned by Armstrong World Industries, won't even comment on its future.

Says Executive Vice President Lawrence Barnett of Chris-Craft, who was in charge of the catalog, "It earned money, but not big money. It was just a lot of work." An Anheuser-Busch man agrees: "It's a lot of effort for very little return. In terms of our overall business, it's an eyedropperful."

Inflation has hit the low-end catalogs especially hard. Companies like Sunset House, which used to make good money selling such gadgets as $1.95 combination flashlight-keyrings, have either been acquired or have gone out of business; their $15 average orders are no longer enough to cover the overhead. Sunset House was sold a year ago to Unity Buying Service, another mail-order company, and Unity's first move was to cut warehouse space by two-thirds. Foster & Gallagher of Peoria, Ill. shut down a low-end catalog in 1981. Spencer Gifts, owned by MCA, is said to have lost money in the last two years.

There are, of course, bright spots in the gloom. Catalogs with high-priced merchandise are still doing well, especially those that have managed to create distinctive images for themselves *(see box)*. Tiffany & Co. of New York, for example, sells Christmas cards by mail at up to $255 per hundred (engraving extra). The Sharper Image, which sells expensive playthings for executives—such as a reproduction of a French cavalry sword that comes blunt-edged but can be sharpened—was a success from its inception seven years ago. Early Winters, a West Coast answer to L.L. Bean, was likewise a winner from the start.

Both to distinguish themselves from the competition and to raise their returns, many catalogs are specializing, following the lead of such successes as the Williams-Sonoma gourmet catalog. As mailing lists mature, catalogers are able to conjure ever more detailed customer profiles from their computers, mailing only to those people most likely to buy a certain item. Though the mailings are smaller than for a general catalog, raising the break-even point somewhat, returns per thousand can double. Says Horchow, "It's the salvation of the industry. We can just push a button and find anybody from Keokuk, Iowa who bought a spinning top for $12 in 1974. Then we can send that person a new spinning-top catalog."

Horchow recently launched specialty catalogs for linens, antiques and cooking equipment. Foster & Gallagher is now concentrating on specialties like tulip bulbs and roses. There are no fewer than six catalogs that sell tools and gadgets for left-handed people. The Popcorn Factory, started three years ago by Phyllis Cretors in Lake Bluff, Ill., sells nothing but—you guessed it—popcorn. (Cretors, whose husband's great-grandfather held the first U.S. patent on popping corn in oil, tried putting a couple of candy items in her Christmas catalog this year, but will drop them next year in order to keep the catalog's image pure.)

Yet even specialization is no guarantee of success. Cretors, who is now selling eight tons of popcorn a week, admits to some concern over the stampede into the mail-order market. "As far as I know," she says nervously, "we're still the only popcorn catalog around." ■

Cataloger Roger Horchow
"Specialization is salvation."

The high-priced stuff

"I have nothing against the guy who is buying $5 long johns," says Eric Flaxenburg. "But that isn't our customer." Flaxenburg is president of French Creek Sheep & Wool Co., one of the hottest little successes (1981 sales: $3 million) in the specialty mail-order business, and it didn't get that way peddling cheap long johns.

Rather, French Creek's catalog features $25 cotton underwear imported from Switzerland—along with handmade $650 cashmere sweaters and $800 sheepskin coats. Does it pay? Standing with Flaxenburg on a rolling hillside of his 40-acre farm outside Elverson, Penna., watching his flock of cream-colored Corriedale sheep, it's easy to forget there is a recession on. In fact, for him there is none: Sales and earnings have been compounding for the last several years at 30%; gross margins might run 100%.

Why is the high-priced stuff selling so well? One reason is quality. Flaxenburg makes sweaters out of $100-a-pound yarns, and his well-heeled customers are willing to pay the price. Just as important, though, he says, high-priced merchandise is much easier to glamorize in print. "In the copy I can romance it, present it exactly the way I want it to be perceived," says Flaxenburg, a husky man with laugh lines all over his bearded, cherub's face.

In fact, he says, mail-order shopping is largely fantasizing. "You look through the catalog and suddenly there is something you can't live without," he says. "The recession fades. It's like the genie saying, 'You have three wishes.' "

Flaxenburg, 52, helps the fantasizing along with lush pictures of his farm, flock and 18th-century barn, where the stalls have been converted to work places that look like scenes from 19th-century cottage industry. The catalog describes a $195 pair of imported, old-fashioned-looking, over-the-ankle boots as "a landowner's shoe." The $25 underwear is called "the 'smalls' of European nobility."

Not only does recession work in his favor, says Flaxenburg, but so does inflation. "Inflation destroys the difference between garbage and good. Garbage becomes so damned expensive in inflationary times that you might as well go for the good. For a buck more you can go first class."—**Steven Flax**

The riches of cable TV are not, as the movie studios had hoped, just around the corner.

Leisure

By William Harris

EVERYONE SEEMS TO AGREE that cable and pay television, with their appetite for programming, will become a massive profit generator for the movie industry. But when? And how?

"All the studios decided to step up production, anticipating the needs of newer media," says Crowell Weedon entertainment analyst Arthur E. Rockwell. "The potential is still great, but these markets haven't really developed yet. Besides, a film which does poorly at the box office can't command high fees in ancillary markets." Universal Pictures President Ned Tanen echoes the sentiment: "Pay-TV has a voracious appetite for programming, but in terms of generating income, it is still a babe in the manger."

That's hardly what Hollywood's seers were saying last year. Studio executives, it seems, got caught up playing a numbers game. True, pay-TV is now a $1.5 billion-a-year industry, growing 30% annually. Nearly 20% of the 80 million U.S. households subscribe to one pay service or another, with Time Inc.'s Home Box Office and Showtime, jointly owned by Viacom and Westinghouse's Teleprompter subsidiary, dominating the market. And all those channels do need programming.

But look at those numbers another way. Pay-TV's presence in major U.S. markets is surprisingly low. Consider the big three: New York has 20% cable penetration, Los Angeles only 13% and Chicago a paltry 5%. The wired nation is still years—and billions of dollars—away.

While the studios were dreaming about HBO and Showtime, however, they were caught off guard by a sharp jab from their historic ancillary market, network television. Feature films score high in TV ratings, but the networks are becoming more selective

Leisure

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Hotels & gambling												
Resorts Intl	37.4%	1	0.6%	0.6	2.0%	1	28.9%	0.5%	42.9%	1	82.7%	1
Caesars World	25.5	2	30.0	2.2	12.2	3	10.1	5.8	27.2	2	Z–P	
Hilton Hotels	25.1	3	23.7	0.3	18.8	2	18.1	18.9	6.7	8	30.8	2
MGM Grand Hotels	22.9	4	19.4	0.9	11.1		**	17.1	15.6‡	4	20.3‡	4
Marriott	17.7	5	24.5	1.5	10.9	5	9.4	4.2	18.2	3	23.8	3
Holiday Inns	13.1	6	16.8	0.8	11.8	4	9.9	7.8	8.0	7	12.8	5
Del E Webb	10.5	7	9.2	1.2	3.0	6	9.2	2.2	9.1	6	11.5	6
Ramada Inns	4.5	8	def	1.9	def	7	4.0	def	11.4	5	–8.2	7
Medians	**20.3**		**18.1**	**1.1**	**11.0**		**9.9**	**5.0**	**13.5**		**20.3**	
Entertainment												
Columbia Pictures	47.8%	1	20.8%	1.4	12.8%	1	21.2%	5.6%	16.4%	3	D-P	
Warner Communications	28.9	2	23.7	0.3	19.7	2	19.5	7.0	22.4	1	31.6%	1
General Cinema	20.8	3	22.3	1.0	12.9	4	13.1	4.6	17.6	2	17.8	2
MCA	18.7	4	11.1	0.0	10.2	3	17.1	7.7	14.3	4	14.6	4
Walt Disney	12.6	5	11.2	0.0	10.4	5	11.4	12.1	12.7	5	14.8	3
Medians	**20.8**		**20.8**	**0.3**	**12.8**		**17.1**	**7.0**	**16.4**		**16.3**	

Note: Explanation of Yardsticks calculations on page 51.
‡Four-year growth. D-P: deficit to profit: not ranked. Z-P: zero to profit; not ranked. def: deficit.
**Not available; not ranked.

and tight-fisted about their purchases. Not only have they built up film inventories, they're no longer so willing to help studios spread the investment risk by buying product sight unseen. ABC, for example, paid a reported $8.5 million for Universal's lemon, *Moment by Moment*, starring John Travolta and Lily Tomlin. Audiences switched channels.

To make matters worse, for the first six months of last year no one was going to the movies either. When summer hit, the crowds came back. But people were lining up for only a handful of the 60 films the industry had released, notably Paramount's *Raiders of the Lost Ark* and Warner's *Superman II*. Simply put, there was too much product in the marketplace and not enough five-dollar bills in movie fans' pockets. "The summer was still strong," says analyst Rockwell, "and the industry will end up having a respectable year. But the business has entered a slow-growth transitional period now."

That means studios are retrenching as well as coming up with new risk-spreading schemes, especially since the average feature film now costs $8 million to produce. Saturation release—opening a picture simultaneously in hundreds of theaters

Atlantic City: blackjack or bust?

The pot in Atlantic City's billion-dollar game is growing: Gross revenue of the casinos in the Boardwalk town nearly doubled last year, from $624 million to about $1.1 billion. But so did the number of corporate players. Five new casinos—Holiday Inns' Harrah's, Golden Nugget, Playboy, Claridge and the Tropicana—anted up in the last 15 months to take their place at the table with Bally's Park Place, the Sands, Resorts International and Caesars World.

Now the real competition can begin. Because of lead times for construction and licensing, it is certain that the nine casinos now operating in Atlantic City will have at least two years to play out their hands without any new competitors. And the revenue take is expected to expand another 25% this year.

"Operators who understand the dynamics of the business and have a moderate cost structure can make a lot of money," says Bear, Stearns analyst Steven Eisenberg. "The regulatory climate has been eased, and the wage spiral caused by the pirating of employees by new casinos will end." Nevertheless, he warns, "the poorly designed casinos . . . such as Playboy, and those tied to heavy cost structures, such as Ramada Inns' Tropicana, are going to have rough sledding in 1982."

The Tropicana, which opened in November, had been expected to cost $139 million, but the final price tag was over $330 million. Operating expenses are expected to run $15 million a month, including $3.2 million in interest costs.

Resorts International in Atlantic City
Are nine players too many?

The Tropicana, the Sands and Claridge casinos all ended 1981 without turning a profit. Only one pre-1981 company, Bally's Park Place, did as well last year as in 1980. Still, for a shrewd operator like Golden Nugget, whose strong management and low cost structure has made it the new rising star of Atlantic City, 1981 was a fantastic year. And for players unburdened by high interest rates, like Resorts International—which funded its entire $125 million construction bill in 1978 and 1979, when it had a gambling monopoly in Atlantic City—future prospects look bright.

The East Coast resort town may someday even put the desert showplace in the shade. "We already have 18 million visitors a year—50% more than Las Vegas," boasts Resorts Executive Vice President Steve Norton. Vegas, he explains, had a gross win of $1.7 billion last year, although 110 Clark County casinos vied for the money. "By 1985," he says, "Atlantic City will overtake the gross Vegas win."

There are also problems. People driving and busing to Atlantic City do not stay very long or spend the kind of money they do in Las Vegas. The average stay in Vegas is four days. In Atlantic City it's less than one. One reason: a shortage of first-class hotel rooms, making the area unsuitable for most conventions.

There is also a slight status problem. "Atlantic City has a long way to go," says Fred Benninger, chairman of MGM Grand Hotels, which has put its Atlantic City casino plans on a back burner. "I don't know why a rich Arabian would want to come to Atlantic City—unless he was a degenerate gambler who couldn't satisfy his whim any other way."

Benninger says that the main obstacles to building in Atlantic City are the absence of an easy-access airport, a burdensome regulatory climate, high interest rates and the area's failure to become a "destination resort."

Instead of building in Atlantic City, MGM plans to build a small, 400-room casino in Hull, Mass., where gambling is on a local referendum. "It's a safer bet," says Benninger. "You don't have to invest as much, and you have a better return per dollar." MGM still owns land in Atlantic City with Hilton, but Benninger is waiting for further improvements, including a continued easing of regulations. (In 1981 the New Jersey Casino Control Commission ended fixed-minimum betting tables, mandatory entertainment nightly with or without audiences and certain minimum staffing requirements.)

Gambling in Atlantic City is only a four-year-old business, and the casinos are still undergoing "a very costly learning process," says E.F. Hutton analyst George Novello. But the future looks better with each passing year. Says Novello: "Compared to Vegas, the potential is incredible."—**Jonathan Greenberg**

Will the lion roar again?

How does a movie company get public money in these parlous times? A new limited partnership called SLM Entertainment wants to help out. Founded by two seasoned movie investors, Samuel Schulman, owner of the Seattle SuperSonics basketball team, and Irving Levin, former president of National General Corp., SLM will finance movies much like Broadway shows or oil and gas tax shelters. Its first partner: MGM, which is leveraged to the hilt, badly needs capital.

SLM Entertainment, which raised $40 million late last year, will not invest in any single movie, but it will contribute up to half the production costs or $7.5 million, whichever is lower, on every film that MGM makes during the next five years. That spreads the risk. In return SLM gets a matching percentage of each film's profit.

Schulman and Levin's public investors, who put up a minimum of $10,000 each, will not see any cash for five years. The potential profits will be rolled over. So if there are none, the deal might collapse at any time during the five years. But there are some short-term tax advantages, such as deferred income, investment tax credits and interest payment writeoffs.

It's no accident that SLM is structured like an oil-drilling venture: Movie investing may be glamorous, but it's highly risky. Most films never seem to show a profit, thanks to Hollywood accounting. Levin contends that that has all been provided for. "We know all the studio tricks, like tacking on developmental fees," he says. "We tried to cover every contingency up front. We have a contract with MGM that runs 150 pages. The only real question is: Will MGM make good movies?"—W.H.

across the U.S.—is one growing trend. The idea is to grab the cash as quickly as possible before negative word-of-mouth ruins the box office. MGM's *Rich and Famous*, for example, opened in 650 theaters in October. Despite so-so reviews the film did okay business. In the same month Universal rammed *Halloween II* into 1,200 theaters, recovering its costs in only three days.

Studios are also trimming overhead as a way to improve profits. Paramount, Universal, MGM and United Artists have formed a new jointly-owned subsidiary to distribute their collective output overseas. The consolidation should save each company millions this year alone. Joint production may also be a growing trend. Disney, for example, is financially strong but unsuccessful of late in the movie business. So the company seems hesitant to make a picture without a partner. Still, its $22 million *Popeye*, for example, which it coproduced with Paramount, has yet to break even.

How much more the studios can streamline their operations, however, is debatable. Obviously the current decline in feature-film product will reduce expenses, but executives who became born-again cost-cutters following the 1980 *Heaven's Gate* debacle are somewhat chastened today. Try circumventing the 30 trade unions tied to studio filmmaking or convincing the "talent" to take a pay cut. What's more, the big-budget blockbuster is hardly dead. Paramount's just-released *Reds*, for example, cost $33.5 million.

Generations of executives have talked about turning the movies into a real industry but it remains at bottom what it always has been: a glamorous gambling casino. ■

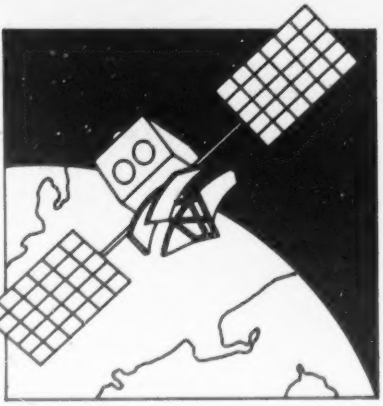
Leisure

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Recreation												
Tandy	47.0%	1	40.8%	0.2	31.1%	1	27.6%	10.4%	23.3%	2	41.5%	1
Bally Manufacturing	25.5	2	23.8	0.5	17.3	3	18.9	9.3	27.3	1	29.4	2
Eastman Kodak	20.0	3	21.2	0.0	20.0	2	18.9	12.3	12.8	7	10.0	5
Milton Bradley	18.3	4	9.6	0.2	8.7	4	14.9	4.5	15.3	4	19.6	3
American Greetings	14.6	5	13.5	0.5	9.6	7	10.9	5.3	13.0	6	11.8	4
Mattel	13.2	6	def	0.8	2.6	5	13.5	0.0	16.6	3	D–P	
AMF	11.4	7	3.7	0.4	3.6	10	8.3	1.3	6.4	11	–0.9	9
Fleetwood Enterprises	11.3	8	6.5	0.0	6.4	6	11.3	1.4	13.6	5	4.2	7
Skyline	10.8	9	5.9	0.0	5.8	8	10.7	2.3	4.6	12	–1.2	10
Brunswick	10.4	10	12.6	0.5	9.0	11	8.1	4.4	9.0	9	1.7	8
Polaroid	9.2	11	6.3	0.1	5.7	9	9.1	4.3	12.1	8	8.2	6
Outboard Marine	7.4	12	9.6	0.4	7.7	12	6.4	3.4	8.0	10	–5.4	11
Medians	**12.3**		**9.6**	**0.3**	**8.2**		**11.1**	**4.4**	**12.9**		**8.2**	
Industry medians	**17.7**		**12.6**	**0.5**	**10.2**		**11.4**	**4.6**	**13.6**		**13.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡Four-year growth. D-P: deficit to profit: not ranked. Z-P: zero to profit; not ranked. def: deficit.
**Not available; not ranked.

The gorilla is getting ready to get out of the cage. The gorilla, of course, is sweet old Ma Bell.

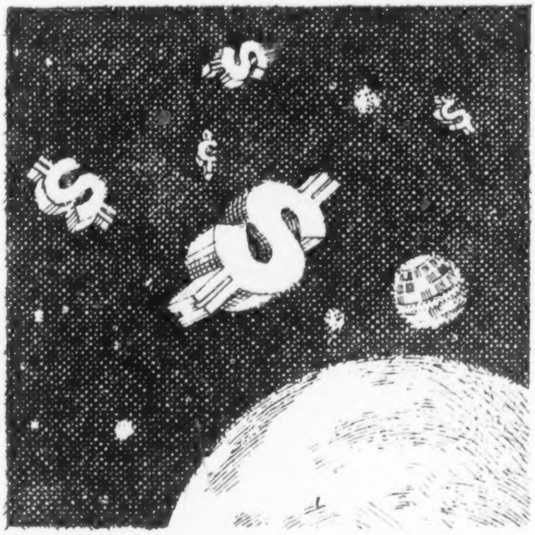


Telecommunications

By Carol E. Curtis

FEW COMPANIES CAST a shadow over an industry as long as American Telephone & Telegraph's. Ma Bell's $58 billion in revenues still represents more than 50% of the total U.S. market for telephone equipment and services and 80% in areas such as long distance—despite a decade of pro-competition FCC decisions and a landmark deregulation ruling in 1980.

This year that historic process of deregulation will come to a climax. Ma Bell is getting ready to go out into the cold, to compete with hundreds of companies busily chipping away at its high-growth markets, most notably terminal equipment and long-distance communications.



By Jan. 1, 1983, Bell should start implementing the FCC's 1980 ruling by selling, rather than only renting, equipment to new customers. According to Steve Chrust, an analyst with Sanford C. Bernstein, AT&T will probably put about one-fifth of its equipment manufacturing business into a separate, unregulated subsidiary, so-called Baby Bell. That's a real misnomer: With expected first-year sales that could approach $2 billion, Baby Bell will be among the top 500 corporations in America.

Ma Bell out in the cold? It's more like letting a gorilla out of a cage. With its sheer size, financial strength and superb research and development, Bell will do all right—possibly better than ever. In fact, though it originally opposed the FCC's decision, AT&T has since decided it may not be so bad after all. It's not hard to see why. True, Bell's guaranteed market for leased telephone equipment will end. But selling Bell equipment may be a lot better. Baby Bell may be able to offer better—and perhaps cheaper—equipment than its competitors because of the strength, size and economies of scale of the Bell System.

Baby Bell also will be able to market services like teleconferencing, call forwarding, call storage, advanced mobile phone service and yellow page advertising—none of it subject to rate-of-return regulation. "The less regulation of these functions, the more a corporation like AT&T will like the business," says John Jones, a telecommunications analyst with Oppenheimer & Co.

And eventually Baby Bell could be a vehicle for entry into high-growth, high-technology areas such as data processing and the office of the future—areas from which Bell has always been barred. That's why Charles Jackson, a Washington, D.C.-based telecommunications consultant, calls the FCC ruling "a dream come true" for AT&T.

What about the impending resolution of an eight-year-old government antitrust suit against AT&T, though? After all, a decision against AT&T could conceivably go so far as to require divestiture of its several operating companies. Given the probusiness environment in Washington, few observers expect it to go that far—even if Congress does not intervene (the Justice Department has said it will drop the suit if acceptable legislation is passed).

Instead, the FCC ruling may well be the limit of regulatory change. "Even if AT&T were judged to be guilty [in the suit], I don't believe it will be split up as a result," says Bradford Peery, who follows the industry at Paine Webber Mitchell Hutchins Inc. Adds Amy Newmark, a telecommunications analyst with Cyrus J. Lawrence, "I can't see anything happening in 1982 that AT&T isn't going to love."

If Bell's future looks bright, its competitors—or many of them—will also fare well. The pie is growing so fast that there seem to be ample opportunities for all.

For example, independent vendors who have been eating into the customer premises equipment market to the tune of $1.5 billion are expected to grow dramatically—a reflection of the high growth rates in the market for voice mail, least-cost routing systems and PBX systems. Though there are 25 manufacturers of terminal equipment, Bell's strongest competition is likely to come from Datapoint, Rolm, Mitel and Canada's Northern Telecom.

Long-distance communications is also opening up to aggressive, well-run companies. Newmark thinks independent long-distance firms, such as her favorite, MCI Communications, could grab 6% of Bell's current 80% long-distance share over the next three years. Hardly a loss for Bell—but a big gain for the newcomer. Chrust and others see MCI's revenues soaring from $235 million in fiscal 1981 to $500 million in 1982—with a threefold jump in earnings per share.

For the time being, Bell will have its hands full just getting Baby Bell set up. But by 1985 the new subsidiary is expected to be a presence in data processing. And by the middle of the next decade, AT&T and IBM may well become big-league competitors in supplying the office of the future—two superb companies taking each other on. The deregulated communications industry, clearly, is turning out to be an arena where almost everybody wins—including the public. ■

The battleground

When Baby Bell takes on the computer companies, one of the battlegrounds may be the PBX.

A PBX, or private branch exchange, is a switchboard, and practically every business of any size has one. But modern PBXs are far from the jackboards manned by operators in earphones. They are actually very similar to powerful data processing systems. Transformed by digital technology in the mid-Seventies, most new PBXs can switch data as well as voices, and chances are they will occupy a strategic position in the office of the future. In that office every piece of equipment is linked to every other, and the PBX may be the linking device.

Which is why nontelecommunications companies like Datapoint and Honeywell have entered a market that once belonged to Bell. It is the biggest confrontation yet between computer and telecommunications companies in the U.S., and there are more to come. "After all, the technologies have merged," says Ken Bosomworth of IRD, a Connecticut-based consulting firm. "All you're doing is shoving electrons around on wires and pushing them through silicon gates."

The PBX market has exploded. Growing at a 20% clip, it hit $850 million in 1981. Companies like Rolm and Mitel have built phenomenal growth around it and, together with more traditional telephone companies like Northern Telecom and GTE, managed to snatch 50% of the new-equipment market from Ma Bell in under ten years.

Things won't continue at that pace. The tremendous growth has come mostly from the replacement market—businesses switching from equipment leased from AT&T and buying new units instead. Says Winston Himsworth, a telecommunications analyst at Lehman Brothers Kuhn Loeb: "A business needs only one PBX, and if it grows, it adds a few lines. The basic market is growing about as fast as new business grows."

What next? "With one year to go till Ma Bell can sell PBXs, time is of the essence," says Vincent Rafferty of the Marketing Programs & Services Group. Though AT&T has lost half the market, it still has the rest, and some think Bell is simply keeping quiet until the shackles come off. Cautions Leo Anderson, publisher of *Telephony*, "Everybody wants a piece of the action, and Bell wants the biggest piece of all."

But the manufacturers may not have the ultimate say. What's also shaping up is a contest in the executive suite. As computers and telephone systems merge, so will corporate functions. Communications managers and data processing managers will try to defend their own turf. Says Rafferty: "There's going to be infighting, and that may be where the war is won or lost." Neither Bell nor its competitors can do much about that. If the data processing manager wins, his suppliers may be in a better position. If the communications manager wins, that could help the other side.

Whatever happens, people are watching one possible future player. IBM has a PBX that has done well in Europe; many expect it will introduce one here, maybe in 1982. If so, it will be the first major direct competition between AT&T and IBM.—**Laura Saunders**

Telecommunications

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
United Telecom	18.7%	1	21.5%	1.0	8.9%	1	8.1%	11.9%	13.8%	2	9.9%	1
Central Tel & Utils	17.8	2	18.4	0.9	7.6	2	7.7	10.3	17.1	1	9.4	2
General Tel & Elec	14.4	3	14.3	1.0	6.7	4	7.1	6.5	11.1	6	7.2	5
Continental Tel	14.3	4	14.5	1.1	7.0	5	7.1	9.4	13.6	3	6.1	6
American Tel & Tel	13.1	5	13.0	0.7	7.5	3	7.5	12.1	11.6	4	8.9	3
So New England Tel	12.5	6	16.2	0.7	8.1	6	7.0	11.7	11.3	5	8.2	4
Western Union	4.9	7	7.5	0.9	6.0	7	5.0	6.0	7.2	7	0.0	7
Industry medians	**14.3**		**14.5**	**0.9**	**7.5**		**7.1**	**10.3**	**11.6**		**8.2**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

Everyone is scrambling to create new programming for cable television. For the moment, however, don't expect those programs to differ much from what you can already see.

Broadcasting

By Jon Schriber and Thomas O'Donnell

If it's true that more tears are shed over answered prayers than unanswered ones, many cable TV operators may soon be getting out their crying towels. That's because these companies have been praying for—and winning—the right to wire America. Now that franchises have been awarded in many of the big cities, the industry faces a chilling possibility: low revenues from those franchises unless sufficient new programming becomes available.

How big is the programming problem? Take a look at some numbers. By 1990 cable will go by 90% of U.S. homes. Even conservative estimates say that 50% to 60% of these homes will be hooked up. Today the three commercial networks burn up 2,200 hours of original programming each year in prime time alone. Multiply that by scores of yet-to-be-built cable systems, and you can see why the industry is scrambling for new ideas.

Scramble or no, many production companies are moving into cable very slowly. The industry is still not mature enough to support original programming with big advertising dollars or subscriber fees, and that's why considerable initial enthusiasm about cable has been misplaced *(see story, p. 238)*. "A lot of good ideas will probably never support themselves economically," says Joseph Fuchs, an analyst at Kidder, Peabody & Co. He warns: "Lots of people are going to lose lots of money over the next five years on cable programming."

Those years, however, should be bright for clever cable operators because they can continue to do what they have always done: rebroadcast such antiques as *The Beverly Hillbillies* and *My Mother, the Car*. In one sense, of course, the programming problem is a myth: Cable systems will always have something to present, if viewers aren't picky about quality.

Still, some programmers are rushing to line up top-tier material. Time Inc.'s HBO, Warner Amex' Movie Channel and Showtime Entertainment's channel have outbid the commercial networks for many popular first-run films such as *Private Benjamin* and *Ordinary People*. Yet even these programmers are running into supply problems because there simply aren't enough successful films on the market *(see p. 233)*. Increasingly, these channels have to rely on "entertainment specials," usually comedy shows or musicals with headliners like Red Skelton and Robert Klein.

Sports also offer creative possibilities. Chester R. Simmons, the president of ESPN, an all-sports network owned by Getty Oil, foresees the development of pay service, which would show title fights or football playoffs. "The money generated by cable will be what promoters look for in the future," he predicts. ESPN just signed a joint venture with ABC to offer major

Broadcasting

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Metromedia	34.2%	1	39.1%	0.8	21.5%	1	18.5%	12.2%	13.8%	4	33.1%	1
Capital Cities Commun	22.5	2	21.2	0.2	18.8	4	17.7	14.4	22.2	1	23.7	2
Amer Broadcasting	22.4	3	16.1	0.3	13.4	3	17.9	6.0	14.3	3	23.7	3
CBS	20.9	4	15.2	0.2	12.4	2	17.9	4.4	14.8	2	11.4	4
RCA	14.6	5	0.1	0.8	3.8	5	10.8	0.9	9.5	5	7.8	5
Industry medians	**22.4**		**16.1**	**0.3**	**13.4**		**17.9**	**6.0**	**14.3**		**23.7**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51

CNN
CELTICS
30

Cable News Network in action
Tomorrow's headlines— or just filler?

sports events for an extra charge as early as this spring.

Even more ambitious are plans to form a major football league exclusively for cable TV by 1983. The teams would play a four-month season beginning in March, with play-offs in July. Investors are already committed to 12 franchises.

Currently, however, one of the fastest-growing cable sectors is news. Ted Turner, still a preeminent cable innovator, stays in business largely because of his Atlanta-based "SuperStation," which broadcasts old movies and situation comedy reruns. SuperStation profits subsidize Turner's around-the-clock Cable News Network, a venture that may yet change the way television broadcasts the news.

Why not try to solve the programming problem by putting magazines on the air? That's just what some publishers are doing. "Everybody and his uncle with a specialized magazine have a vision of getting a specialized video program," quips one analyst. Time Inc., for example, is putting *Money* magazine on HBO, with a program called *Money Matters*.

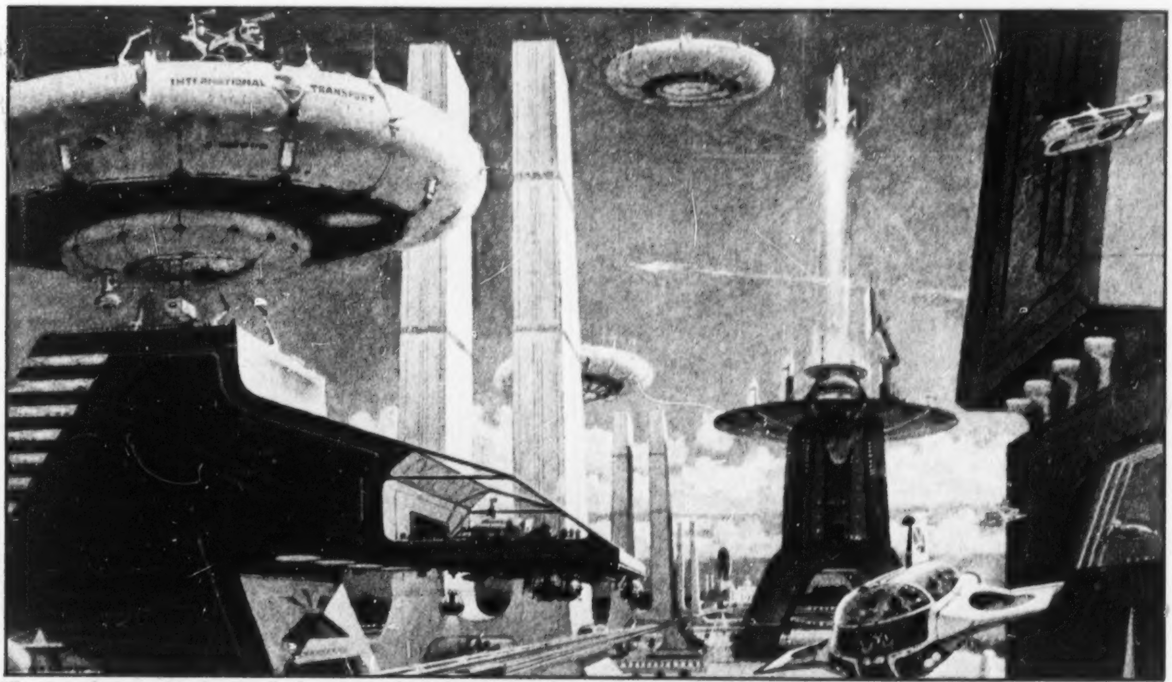
This month, meanwhile, Playboy Enterprises is unveiling *Escapade*, an "adult" program. "You'll see living, breathing video versions of the magazine," promises a Playboy ad. Not to be outdone, *Penthouse* publisher Bob Guccione will soon launch the *P.E.T. Network*, featuring talk shows, films, uncensored comedy performances and, of course, *Penthouse* Pets.

At the other end of the spectrum is family entertainment, and—not surprisingly—Walt Disney Productions is a leader. Starting in early 1983, Disney will put a 16-hour-per-day pay service into operation in conjunction with Westinghouse. Disney is committing $100 million to develop new programs over the next three to four years. Yet its programming will owe something to the past: It will use material from the Disney film library such as *The Wonderful World of Disney*.

At the commercial networks, involvement in cable has—up to now—been minimal. Regulations have prevented them from buying up cable properties—regulations that are coming under fire in the Reagan Administration's push for deregulation. Another reason is the networks' fear that cable would "upset delicate relations with their affiliates," says one industry expert.

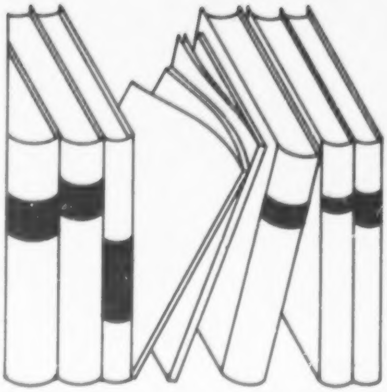
That may explain why commercial networks have concentrated so much on cultural affairs when it comes to cable. CBS and ABC each have cultural channels. And NBC's parent, RCA Corp., recently reached agreement with the BBC to broadcast the British network's programs over the wire.

In short, if the programming problem is not solved, it won't be from lack of trying. "Despite all the weeping and wailing about the junk on television and the lack of good shows," says Fuchs of Kidder, Peabody, "nobody really wants to produce garbage." Will the new stuff, however, really be an improvement over current fare? Those programs, like much of the potential of cable, remain to be seen. ■



The city of tomorrow from a forthcoming all-Disney channel
Despite a $100 million budget, programming won't be totally new; expect some reruns from old network TV shows.

If you are waiting to get your morning newspaper electronically, don't hold your breath.



Publishing

By Thomas O'Donnell and Jon Schriber

YOU KNOW THE prediction: Instead of opening up your morning paper to get the day's news, you punch buttons on the home computer/television set sitting atop your breakfast table and order up the stories that interest you. In seconds, they are projected on a screen or rolling in on a computer printout. That's tomorrow's newspaper, say the enthusiasts—no longer printed on presses and dropped off at your doorstep, but coming into your home electronically.

That vision is now taking some giant steps forward as publishing companies go electronic—although cautiously. Time Inc., for example, is making a major commitment to videotex, the two-way data communications system linked to a computer that allows a user to select individual "pages" of text. Later in 1982 Time will do field tests in San Diego and Orlando, Fla. using its cable subsidiaries in those cities.

Videotex, the new electronic press

Tomorrow's newspaper from a tube?

Viewers will get a 24-hour, 7-day-a-week multichannel system that will display on their TV sets up to 20,000 different pages of news, weather, video games, restaurant guides, movie reviews, educational materials and other information. "We are going after the 'at home' marketplace—moms and dads, kids, teenagers, singles, adults and the elderly," says Sean McCarthy, the director of Time's Video Group Development unit.

Dow Jones is also jumping into videotex in a big way. The company, which publishes the *Wall Street Journal*, is impressed enough by field trials in Texas to attempt a full-fledged operational system in Princeton, N.J. within a year from now. Through a cable system to be built in a three-way joint partnership, it will offer a system similar to Time's, only boasting some 80,000 pages.

One of the most advanced electronic publishing hookups is located in Coral Gables, Fla. There Knight-Ridder and AT&T have just completed a joint experiment in which some 600 Coral Gables residents were offered the chance to select from Sears catalogs, disburse money from bank accounts, order and have groceries delivered and call up news by tapping information into their TV sets—all transmitted over telephone lines.

"We were pleased enough with the results to move forward," says Mort Goldstrom, marketing director for Viewdata Corp. of America, a wholly owned subsidiary of Knight-Ridder. A similar experiment—this time involving AT&T and the publishing subsidiary of CBS—will take place later in 1982 in New Jersey. Another, involving the Times Mirror Co., is set to take place near Long Beach, Calif. this spring. Says Jim Holly, senior vice president and general manager of Times Mirror Videotex Service, about the test: "Every publishing section in Times Mirror is doing something so they can get hands-on experience repackaging their information for electronic distribution."

In Columbus and Cincinnati subscribers can join the most ballyhooed communications network yet: Qube, a two-way cable system that's a joint subsidiary of Warner Communications and American Express. So far, Qube has been a tremendous sales tool in Warner Amex' drive to nail down the right to wire cities. But actually it's little more than a parlor

The old reliables

People still like the look and feel.

game. Its most significant accomplishment to date: polling viewers on the outcome of the presidential election—just for fun, of course.

Recently, publishing conglomerates have even begun to gobble up cable companies. They had previously been reluctant to do so because of fears they would run into legal problems. Those fears have diminished now that deregulation fever is sweeping Washington.

Media concentration? Although some critics are worried about it, such concern is off the mark. The real problem with electronic publishing is not lack of access but finding enough material to fill the ever-increasing number of channels. In any case, the high price tags that cable companies are now carrying are slowing down the marriage rate.

Today many publishers are renting channels on which they provide their own—often recycled—products. Others are selling their products to cable companies for high fees, especially on business information. "Money is being made offering services to the business and professional market where you can charge more and costs are not consequential," says Ken Noble, an analyst with Paine Webber Mitchell Hutchins. The list includes Times Mirror, McGraw-Hill, Dow Jones, Time Inc., CBS Publishing and the New York Times Co.

Does all this activity mean that newspapers and magazines will go the way of the steam engine and buggy whip? Don't bet on it, at least anytime soon. "We don't think this is a substitute," says Dick Levine, editorial director of Dow Jones' News Retrieval Service. "We think it is an important supplementary way to deliver information."

Why only a supplement? There are several reasons: first, consumer resistance. Readers are obviously very familiar with and enjoy the look and feel of both magazines and newspapers. In addition, they like to subscribe to publications that reinforce their views of the world, even if those publications languish unread on desks, coffee tables and nightstands. Also, reading a newspaper or magazine, where stories are selected for you, is easier than sitting in front of a computer. "And let's face it," says one reader. "You can't take a computer terminal to the john."

And then there's the problem of advertising, or lack of it. Fees charged to cable consumers are a pittance compared with what publishing companies are taking in from advertisers. In 1980 the publishing industry's advertising revenue was up nicely, surpassing $26 billion. Shifting that revenue to a new system involves high costs and high risks that few companies are eager to take.

The final reason that printed publications will be around a while is that the driving force for change stems from fear as much as opportunity. That fear centers on one company in particular: AT&T. In addition to being one of the largest and most cash-rich corporations, AT&T already has lines into virtually every American home. Publishers are more than a little frightened about what would happen if those lines were allowed to carry news and advertising as well as telephone conversations.

Yet despite all obstacles, you may soon get a chance to read an electronic newspaper in addition to the one delivered to your front door. Indeed, you may ultimately have to choose which one you prefer, or decide if you want both. When that happens, the future will have arrived. ■

Publishing

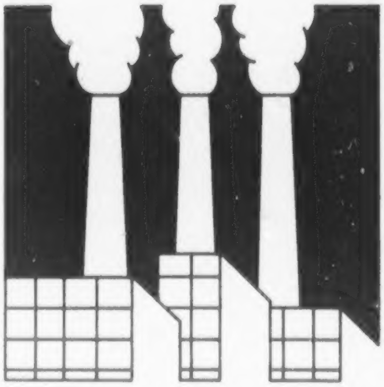
Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Dow Jones	32.0%	**1**	30.4%	0.1	28.2%	**1**	29.0%	11.0%	16.7%	**6**	16.2%	**11**
Dun & Bradstreet	28.1	**2**	29.8	0.0	29.7	**2**	28.1	9.0	13.8	**15**	15.3	**14**
Deluxe Check Printers	27.8	**3**	29.0	0.1	26.2	**3**	25.7	10.8	15.6	**11**	17.4	**9**
Washington Post	25.4	**4**	15.8	0.2	11.8	**6**	19.4	4.1	15.3	**12**	25.7	**3**
Capital Cities Commun	22.5	**5**	21.2	0.2	18.8	**10**	17.7	14.4	22.2	**3**	23.7	**4**
Interpublic Group	22.4	**6**	14.4	0.2	13.1	**4**	21.3	3.7	16.7	**6**	17.7	**7**
Gannett	21.3	**7**	21.1	0.2	17.7	**7**	18.8	12.5	23.7	**1**	17.5	**8**
McGraw-Hill	21.2	**8**	21.5	0.0	19.7	**8**	18.8	8.8	11.5	**16**	19.6	**5**
Times Mirror	21.1	**9**	17.3	0.5	11.6	**9**	17.8	6.9	16.3	**9**	19.3	**6**
A C Nielsen	20.1	**10**	21.3	0.1	20.3	**5**	20.1	6.2	18.7	**5**	15.5	**13**
Equifax	19.4	**11**	24.7	0.2	20.4	**11**	16.7	3.9	9.1	**19**	5.0	**19**
Meredith	17.4	**12**	18.8	0.4	12.5	**16**	11.9	6.3	14.9	**13**	31.3	**1**
Knight-Ridder News	17.2	**13**	16.5	0.1	14.6	**12**	15.8	8.3	14.6	**14**	17.4	**10**
Time Inc	16.2	**14**	11.3	0.4	9.0	**15**	12.7	4.2	23.5	**2**	15.6	**12**
New York Times	16.2	**15**	18.6	0.2	15.1	**13**	14.2	5.8	10.6	**17**	12.9	**16**
R R Donnelley & Sons	15.2	**16**	14.7	0.0	12.9	**14**	13.5	6.2	15.7	**10**	14.1	**15**
Harcourt Brace Jovan	14.3	**17**	13.5	0.6	9.4	**17**	10.2	4.2	16.5	**8**	7.6	**17**
Arcata	13.4	**18**	10.3	0.4	6.4	**18**	9.5	3.9	18.8	**4**	26.4	**2**
Playboy Enterprises	8.8	**19**	10.6	0.1	9.3	**19**	7.9	3.4	9.8	**18**	6.7	**18**
Macmillan	1.7	**20**	3.9	0.4	4.1	**20**	2.4	1.6	3.3	**20**	–27.8	**20**
Industry medians	**19.8**		**18.0**	**0.2**	**13.9**		**17.2**	**6.2**	**15.7**		**16.8**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.

These days, managing multicompanies is like managing portfolios. They may wind up considerably less complex—and more profitable.

Multi-industry companies



By Steve Kichen
and Laura Rohmann

IS THIS WHAT Royal Little had in mind? "I don't want to make it sound like we're riverboat gamblers, but we keep looking at our cards and saying, 'I'll keep these and deal me three more,'" says Philip Thomas, a vice president at Esmark.

The multi-industry companies are drawing and discarding as never before. Acquisitions for acquisition's sake are no longer in vogue. As James R. Houghton, chief strategic officer of Corning Glass, puts it: "Acquisitions ought to be the result of a strategy and not a strategy in themselves."

Instead, divestiture is in—sometimes coupled with acquisitions to reposition assets. For example, Bendix sold off its forest products division for $425 million and its 20% holdings in Asarco for $340 million, as well as dumping Skagit, a winch and hoist

Multi-industry companies

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Vulcan Materials	22.6%	**1**	23.1%	0.2	17.1%	**4**	15.8%	10.4%	14.0%	**4**	17.6 %	**5**
Minn Mining & Mfg	22.1	**2**	17.5	0.1	15.4	**1**	18.9	9.0	13.3	**7**	14.3	**11**
Rollins	21.2	**3**	21.7	0.1	19.0	**3**	17.6	9.6	13.6	**6**	13.3	**13**
Esmark	21.1	**4**	14.0	0.6	9.3	**10**	12.7	2.6	1.9	**25**	16.0	**8**
General Electric	20.6	**5**	19.6	0.1	18.1	**2**	18.0	6.1	11.6	**9**	12.4	**15**
American Brands	20.4	**6**	20.2	0.3	14.6	**6**	14.5	5.5	10.3	**12**	16.6	**7**
Bendix	20.4	**7**	36.7	0.4	24.3	**5**	15.5	10.2	9.7	**13**	20.2	**2**
Martin Marietta	18.5	**8**	18.6	0.1	13.0	**7**	13.8	6.5	14.2	**2**	18.4	**3**
NL Industries	16.6	**9**	29.3	0.3	21.6	**9**	12.7	10.4	9.0	**17**	12.5	**14**
Crane	15.5	**10**	13.2	0.8	9.0	**20**	9.5	3.1	6.6	**23**	6.4	**20**
Westinghouse Electric	15.0	**11**	17.4	0.1	15.4	**8**	12.8	4.9	5.7	**24**	18.3	**4**
Corning Glass Works	14.9	**12**	13.1	0.2	11.1	**11**	12.6	7.4	8.2	**20**	13.7	**12**
RCA	14.6	**13**	0.1	0.8	3.8	**13**	10.8	0.9	9.5	**15**	7.8	**19**
PPG Industries	14.2	**14**	15.5	0.3	11.4	**14**	10.6	6.9	11.2	**10**	10.7	**18**
Sperry	14.0	**15**	9.4	0.3	6.8	**15**	10.4	4.0	10.4	**11**	11.7	**16**
Union Carbide	13.9	**16**	13.7	0.3	9.8	**18**	9.8	6.3	12.7	**8**	6.0	**22**
Borg-Warner	13.8	**17**	13.4	0.1	12.4	**12**	12.6	5.7	9.1	**16**	14.7	**10**
FMC	13.5	**18**	9.8	0.3	7.6	**19**	9.8	3.5	9.6	**14**	11.4	**17**
Koppers	13.0	**19**	6.8	0.4	5.6	**16**	10.0	2.4	14.0	**3**	5.7	**23**
Household Intl	12.9	**20**	7.4	2.0	4.6	**24**	6.4	1.4	13.9	**5**	5.0	**24**
National Distillers	12.3	**21**	12.6	0.3	10.0	**17**	9.9	6.3	8.0	**21**	6.3	**21**
Genl Tire & Rubber	10.8	**22**	12.9	0.2	9.8	**21**	8.3	5.1	7.3	**22**	4.5	**25**
Allis-Chalmers	10.2	**23**	2.9	0.4	3.9	**22**	8.3	1.2	8.4	**19**	16.8	**6**
Olin	8.9	**24**	6.9	0.4	5.4	**23**	7.1	2.6	8.5	**18**	15.6	**9**
GAF	def	**25**	16.6	1.6	8.3	**25**	def	3.0	0.0	**26**	P–D	**26**
Dillingham	**		**	NA	**		**	1.9	16.7‡‡	**1**	28.7‡‡	**1**
Industry medians	**14.6**		**13.7**	**0.3**	**10.0**		**10.8**	**5.3**	**9.7**		**12.9**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
‡‡Three-year growth. P-D: profit to deficit. def: deficit. **Not available; not ranked. NA: not available.

manufacturer, and United Geophysical Corp. The idea was to shift assets into areas not only with growth potential but with "technology content," proprietary products or market leadership, says a Bendix spokesman. So, while getting out of forest products and metals, the company was getting into machine tools via the $300 million acquisition of Warner & Swasey.

GE, fast moving into factory automation, and Esmark, which has made moves into consumer products, are companies still acquiring—but purposefully, not mindlessly.

Or, restructuring can be divestiture—period. GAF finally took the ax to itself after many disappointing years as a highly diversified manufacturer of chemicals, photo products, graphic arts supplies, flooring and vinyl siding. GAF decided it didn't have the capital to support the needs of all its product lines. So now there are only two, chemicals and roofing materials, says Juliette Moran, vice chairman. "We decided to get down to things we do extremely well," she says, "where we see a long future of growth and improving returns."

Union Carbide put the finishing touches on its multiyear divestiture program that eliminated $1 billion in sales. Dillingham spun off its Hawaiian commercial real estate operations, the proceeds to go to shareholders.

One powerful motivation for restructuring: the threat of takeover. Gulf & Western owns 24% of General Tire's stock, and although G&W Chairman Charles Bluhdorn denies any designs on GT, the company is taking no chances. GT bought 1,025,000 shares of its own stock, or about 4% of shares outstanding, for $24 million. But as a GT executive points out: "One of the best defenses against any takeover is a higher stock price, and one route to that is to spin off the parts." General Tire has hired investment bankers Salomon Brothers and Kidder, Peabody to explore the possibilities.

Restructuring may be in order even for a company with an apparent balance of sales and earnings. Each of Sperry Corp.'s major sectors contributes in profits proportionately about what it contributes in sales. But overall corporate return is less than stunning, especially for a company deriving half its sales from computer equipment. So Sperry is trying to sell its Vickers hydraulics subsidiary.

More housecleaning is probably on the way. Should Borg-Warner reduce its auto exposure? Should NL Industries drop metal fabricating? Should Olin, which spun off Squibb in 1968, Olinkraft in 1974 and its U.S. sporting arms in July, dump housing next?

It's not merely a matter of getting new growth industries, says Union Carbide COO Warren M. Anderson. "There is nothing wrong with a mature industry, however unfashionable," he says, "as long as you have the ability to redeploy its earnings wisely." Rather, managing a multi-industry company these days is more and more like managing a portfolio. Says Esmark's Thomas: "I don't think we'll ever say, 'Now we've finished it.' It's like the way my wife does her hair. It's never quite right." ■

The founding father

Hale and razor sharp at 85, the man who founded the first conglomerate now owns part of a venture-capital firm that is helping companies *de*-conglomerate. Does that tell you something?

If so, the message is *not* that conglomerates and multicompanies are inevitably being dismantled, says former Textron Chairman Royal Little, but that they made some mistakes they are now rectifying.

"Many of them bought too many small businesses that got lost in the shuffle," says Little. "A company doing $6 billion with three or four little divisions doing $10 million really doesn't make much sense. So now they're transferring that money into big divisions with growth potential."

Little founded the first modern conglomerate in 1953 by turning Textron, then a burnt-out synthetic-yarn company, into a diversified maker of auto cushioning and airborne radar antennas. "We bought companies that had fantastic growth—companies that were market leaders in small industries," he recalls—Homelite, Bell Helicopter, Speidel and Gorham. But along the way he made his share of mistakes: Acquisitions such as Coquille Plywood and MB Manufacturing never lived up to expectations.

Royal Little
Helping de-conglomerate.

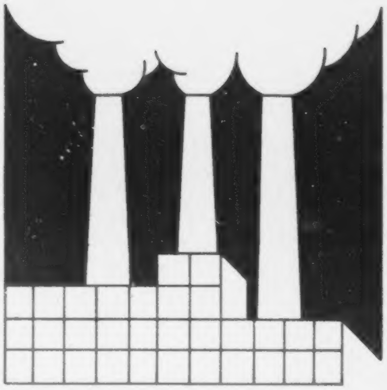
While at Textron, Little set up Narragansett Capital, a venture-capital firm that has helped companies such as Rockwell International, Consolidated Foods, Bendix and even Textron divest almost two dozen divisions through leveraged buyouts.

Little still leads a life that would tire out most 20-year-olds. Although no longer actively involved in Narragansett management, he sits on the boards of a half-dozen companies in which Narragansett has a stake and shares a consulting firm, Lonsdale Enterprises, with Jim Robison, a long-time business associate.

The current wave of big divestitures is about over, Little says: "Big conglomerates aren't buying little companies anymore. What we are seeing now is mostly the result of decisions made in the Sixties, when too many companies bought everything that came along."

What about today's mega-acquisitions, though? There's no end in sight, says Little: "This is one of the results of double-digit inflation, which makes it so costly today to go out and start something new. I think it's inherent in the state of the country that there are going to be so many big mergers—much bigger than anything I was involved in."—S.K.

For a decade, they've been a dirty word on Wall Street. Now they're being quietly rehabilitated.



Conglomerates

By Eamonn Fingleton

HAVING BEEN A DIRTY WORD on Wall Street for over a decade, conglomerates are being gradually rehabilitated. The new luster is dramatically reflected in stock prices. A recent Merrill Lynch survey showed that conglomerates shares outperformed the S&P's 500 by an astonishing 140% in the last six years. That means, of course, that institutions are back, typically increasing their holdings an average 30% between mid-1980 and mid-1981. Some favorites: City Investing, ITT, Lear Siegler and Whittaker. Institutional holdings of City Investing, for instance, have shot from less than 10% of total shares outstanding to 28% over the past year.

What's all the excitement about? Simply that the conglomerates have been delivering the goods in profits performance. The FORBES Yardsticks figures show that conglomerates' return on equity averaged 15.2% over the latest 12 months, compared with 14.7% for all industries. Only once in the last five years, in 1979, did the conglomerates sector's ROE slip below that of the all-industry average. To some extent, of course, this superior profitability reflects a moderately higher amount of low-interest debt leverage. But most conglomerates have been trimming back their debt steadily over the past ten years, so this factor is far less important than it used to be.

Conglomerates also have done surprisingly well in earnings growth. Their five-year growth averaged 13.8%, compared with 12.5% for industry generally. They must be doing something right. What is it?

Merrill Lynch's conglomerates analyst, Carol Neves, maintains it is the vindication of the original conglomerate theory—a formula for getting the most out of assets while giving the stockholder another line of defense against cyclical downturn. If the managers of individual operating units do not perform, the holding company can step in to fire them more swiftly than most boards of directors.

That, of course, was all fine theory. But as so many investors discovered a decade ago, the theory breaks down if the holding company launches an overly ambitious acquisition program. Most of the frenetic acquisitors of the 1960s, such as LTV, Litton and Whittaker, have long since learned that there is no substitute for good management, and that uncontrolled expansion is bad management in anyone's book.

Those lessons learned, the conglomerate can work quite well. At United Technologies, for example, profits were up 18% to $342 million in the nine months through September. Defense businesses such as Norden radar systems, Sikorsky helicopters and Pratt & Whitney military aircraft engines have boomed, cushioning the company's losses in its Mostek semiconductor division.

W.R. Grace & Co., Peter Grace's chemical-to-natural-resources company, is an even better example. Pretax profits were up 27%, to $279.6 million in the first three quarters, as demand for Grace's oilfield services and other natural resource businesses boomed, outweighing a big setback in agricultural chemicals operations caused by continued depressed prices for converted phosphate fertilizers.

But even broadly diversified conglomerates can get caught by simultaneous cyclical downturns. Look at American Standard, long one of the most consistently profitable conglomerates. After a decade of rising earnings in the 1970s, everything went wrong in 1981. The housing slump demolished profits from bathroom fittings and other building products. Meanwhile, the company's big interests in truck airbrakes and plumbing supplies in Europe were clobbered as the slump there coincided—unusually—with recession at home. Net income in the nine months to September totaled $97 million, down 17% on 1980.

American Standard's Executive Vice President for finance, John L. Grant, says: "In the past we thought we were insulated from recession because the cycles in our different businesses did not normally coincide. We have had a lot to deal with this year."

Still, most conglomerates are expected to be a haven this year in the face of recession. Many have investments in defense industries, so they are benefiting from Reagan's big military buildup. Others are relying on the continuing boom in oil exploration and other energy-related fields to pull the fat out of the fire.

Of the 17 conglomerates that Merrill Lynch follows regularly, the firm expects 15 to show earnings increases next year. On average, Merrill Lynch's list should show a nifty 12% rise in earnings, which compares with a fall of 4% Merrill projects for industry generally. An impressive performance if it comes about.

The company-by-company picture also looks surprisingly cheerful. New Jersey-based Kidde, with interests ranging from Farberware cookware to Globe Security Systems, is in good shape, with earnings expected to rise more than 10% in 1982. Its automotive and aircraft components business will remain depressed, but its Grove cranes division will keep profits buoyed up. That is because many of its cranes are used in the oil industry.

One of the most impressive performances is likely to come from Whittaker Corp., a Los Angeles conglomerate ranging from medicine to metals. By some forecasts, earnings are expected to rise over 30%. Here energy, at one remove, will again be the dynamo, since much of the company's medical revenues come from health care programs in Saudi Arabia and Abu Dhabi. Business is booming as the sheikhs recycle oil revenues to improve health care. Whittaker's metal interests are also well placed because many of them are geared to energy-related applications.

Whittaker's chief financial officer, Harry Derbyshire, reckons 1982 will give the company a chance to demonstrate the classic advantages of the conglomerate structure.

"Being a conglomerate gives the corporate people the chance to allocate resources to the parts of the business that have the most potential," he says. "If we were a monolithic company like Chrysler, we would be confined by one business. We have far more room to maneuver." ■

Conglomerates

Yardsticks of management performance

	Profitability								**Growth**			
	Return on equity				**Return on total capital**				**Sales**		**Earnings per share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Teledyne	35.4%	1	28.2%	0.4	19.8%	1	24.2%	12.3%	11.0%	**24**	44.0%	**3**
IU International	28.7††	2	24.6	0.9	11.9	17	11.2††	2.9	6.8‡	**40**	24.8‡	**10**
Lear Siegler	25.4	3	21.7	0.4	14.9	5	15.3	5.0	15.0	**16**	28.8	**8**
American Standard	25.2	4	21.3	0.4	14.6	3	17.2	5.4	8.0	**38**	29.1	**6**
Raytheon	24.2	5	23.9	0.1	22.8	2	22.4	5.8	15.9	**13**	24.3	**11**
Northwest Industries	21.5	**6**	24.9	0.5	15.8	**11**	13.0	7.0	19.8	**8**	18.9	**15**
TRW	21.0	**7**	21.5	0.3	13.4	**9**	13.6	4.9	13.1	**20**	14.5	**18**
Avco	20.4	**8**	10.8	2.5	5.8	**37**	7.2	4.0	9.1	**31**	37.3	**4**
Alco Standard	20.0	**9**	18.8	0.4	13.6	**8**	14.8	2.3	16.5	**12**	17.6	**16**
Whittaker	20.0	**10**	22.4	0.5	21.0	**5**	15.3	4.0	11.1	**23**	64.1	**2**
Bangor Punta	19.9	**11**	22.1	0.7	12.8	**16**	11.4	5.3	20.3	**6**	D–P	
National Svc Inds	19.3	**12**	20.6	0.1	18.1	**4**	16.7	5.9	9.4	**30**	13.8	**21**
Scott & Fetzer	19.0	**13**	15.1	0.4	11.6	**7**	15.2	4.3	14.7	**17**	9.4	**27**
Transamerica	18.5	**14**	15.3	1.2	9.1	**15**	11.5	5.4	11.2	**22**	22.6	**12**
United Technologies	18.0	**15**	16.9	0.3	12.4	**10**	13.3	3.3	23.0	**5**	14.2	**19**
Ogden	17.4	**16**	16.1	1.1	8.4	**29**	8.8	2.7	7.0	**39**	12.1	**24**
Tenneco	16.9	**17**	16.4	0.7	9.3	**23**	9.9	5.1	18.0	**9**	7.6	**31**
Gulf & Western Inds	16.8	**18**	14.5	0.8	9.8	**27**	9.0	5.1	15.4	**15**	11.1	**25**
Rockwell Intl	16.8	**19**	17.1	0.2	13.7	**12**	12.5	4.2	9.5	**29**	12.2	**23**
White Consolidated	16.8	**20**	16.4	0.5	11.4	**21**	10.6	3.4	13.1	**19**	7.6	**32**
Chromalloy American	16.7	**21**	12.7	0.7	8.5	**24**	9.6	3.2	13.4	**18**	8.3	**28**
Litton Industries	16.3	**22**	27.5	0.2	20.2	**14**	11.5	6.3	6.7	**41**	111.2	**1**
City Investing	16.2	**23**	12.5	1.2	8.3	**25**	9.1	2.0	17.0	**11**	19.6	**14**
Signal Companies	15.9	**24**	13.4	0.4	11.4	**13**	11.7	4.0	17.4	**10**	20.3	**13**
W R Grace	15.3	**25**	19.3	0.6	12.0	**20**	10.6	5.4	10.7	**26**	7.9	**29**
Kidde	15.3	**26**	15.1	0.6	10.1	**22**	9.9	3.5	15.6	**14**	14.2	**20**
Figgie International	14.0	**27**	15.3	0.8	8.6	**34**	8.0	2.9	8.3	**35**	13.7	**22**
Textron	13.3	**28**	7.7	0.3	6.7	**18**	11.1	2.6	8.6	**34**	4.9	**36**
Penn Central	12.9††	**29**	12.7	0.4	8.9	**26**	9.1††	5.0	62.9‡‡	**1**	28.9‡‡	**7**
Dayco	12.8	**30**	4.8	1.1	4.0	**38**	7.0	0.9	10.7	**25**	5.3	**34**
Amfac	12.7	**31**	12.8	0.7	8.1	**35**	8.0	2.8	10.4	**27**	5.3	**33**
Berkshire Hathaway	12.4†	**32**	9.7	0.2	9.3	**19**	10.9†	8.5	25.3	**4**	33.4	**5**
Allegheny Int'l	12.3	**33**	10.6	0.8	7.4	**36**	7.4	3.4	9.6	**28**	7.9	**30**
SCM	11.5	**34**	10.1	0.5	7.8	**31**	8.6	2.5	8.1	**36**	15.7	**17**
AMF	11.4	**35**	3.7	0.4	3.6	**32**	8.3	1.3	6.4	**42**	–0.9	**40**
Intl Tel & Tel	11.0	**36**	9.2	0.4	8.2	**28**	8.9	3.3	9.1	**32**	3.9	**37**
Sybron	10.9	**37**	9.4	0.4	7.5	**30**	8.8	3.0	8.0	**37**	3.2	**38**
Zapata	10.7	**38**	24.2	1.3	11.9	**39**	6.6	13.0	12.9	**21**	5.1	**35**
IC Industries	10.6	**39**	11.0	0.6	6.4	**40**	6.5	3.0	19.9	**7**	10.8	**26**
Brunswick	10.4	**40**	12.6	0.5	9.0	**33**	8.1	4.4	9.0	**33**	1.7	**39**
Singer	6.9	**41**	15.2	0.7	8.7	**41**	5.7	1.7	2.5	**44**	D–P	
U S Industries	3.5	**42**	def	0.2	def	**42**	3.9	def	–3.7	**45**	–14.8	**41**
Allied Products	1.3	**43**	0.3	1.1	2.2	**43**	2.7	0.1	3.5	**43**	–26.3	**42**
Fuqua Industries	**		5.7	0.9	6.5		**	1.7	32.5	**2**	26.9	**9**
LTV	**		45.3	1.9	19.4		**	4.9	30.7‡‡	**3**	D–P	
Industry medians	**16.3**		**15.2**	**0.5**	**9.3**		**9.9**	**4.0**	**11.1**		**13.8**	
All-industry medians	**15.5**		**14.7**	**0.4**	**10.9**		**11.1**	**4.5**	**14.0**		**12.5**	

Note: Explanation of Yardsticks calculations on page 51.
†Four-year average. ††Three-year average. ‡Four-year growth. ‡‡Three-year growth. D-P: deficit to profit; not ranked. def: deficit. **Not available; not ranked.

How do the middle-ranking companies in FORBES' industry groups and subgroups compare with one another in sales and profit growth?

Who's where in the industry groups

MORE THAN THE TRACKS of recession are visible in the tables on the next two pages. These tables, rounding up growth and profitability trends for the 105 industry groups and subgroups surveyed in this issue, show that their median return on the stockholders' invested capital in the most recent 12 months was just 14.7%. As this is written, that was less than the 15% yield you could get, virtually risk-free, on a long-term bond issued by Ma Bell. If you would seek to know why takeover fever seems to rage unabated in the U.S. these days, look no further. Why invest capital at today's interest rates for such rewards, and take on all the other risks of building from the ground up as well, when you can pick up existing assets elsewhere at fractions of their replacement cost?

As for the present recession, its impact is plain in the latest 12-month figures for returns on equity. By that measure, the profitability of 36 of the 46 main industry groups was running below their results for the five-year average. Of the 46 groups, only 4—tobacco, natural gas, beverages and brokerage—were showing profits significantly ahead of the five-year average.

Have a care, though, as you peruse the group numbers. In tracking their performance, FORBES uses *median* returns rather than averages to avoid distortions that could result at either end of a roster of companies—distortions caused by windfall profits at the top or staggering losses at the bottom. The medians, in effect, show the experience of companies in the middle ranks of each group. To measure one company against another within a group is what the Yardsticks are for.

Thus, it may seem surprising that one of the groups hardest hit by the present recession appears to be the computer industry. Its median return on equity in the latest 12 months was just 13.7%, down sharply from the 19% return it averaged in the preceding five years. But what a range of performances is obscured by that median. As the computer industry Yardsticks show *(see p. 144)*, there was Wang with a return on equity in the latest 12 months of 25% and Burroughs with an all but imperceptible ROE of 0.8% (which includes a fourth-quarter writeoff). Even so, the medians tend to shed light on all. Wang's 25% return is signficantly below the 30% ROE it averaged for the five years.

Note, too, that of the 46 main groups, 22 are further divided into 59 subgroups. We do this, of course, to show how a company stacks up against others in the same sector of a complex business. But it also helps to make clear how fortunes may differ from one sector to another within the same industry. Thus, one of the few groups doing significantly better in the latest 12 months than its five-year average is natural gas. But note that middling producers and pipeliners of natural gas are showing considerably more improvement in their returns on equity than are the distributors.

Industry medians

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Industry	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Broadcasting	**22.4%**	**1**	**16.1%**	**0.3**	**13.4%**	**1**	**17.9%**	**6.0%**	**14.3%**	**21**	**23.7%**	**1**
Drugs	**21.3**	**2**	**16.9**	**0.1**	**13.6**	**8**	**15.5**	**8.5**	**12.2**	**31**	**11.0**	**30**
Tobacco	**20.6**	**3**	**23.6**	**0.5**	**14.1**	**13**	**13.6**	**6.3**	**15.4**	**15**	**16.6**	**10**
Office equipment and services	**20.3**	**4**	**17.5**	**0.3**	**13.4**	**7**	**15.7**	**3.9**	**18.0**	**8**	**17.8**	**7**
Office equipment	18.8	–	12.1	0.3	9.5	–	14.7	3.5	15.4	–	11.0	–
Office services	25.1	–	19.1	0.2	15.1	–	18.9	3.9	24.3	–	24.8	–
Insurance	**19.8**	**5**	**14.7**	**0.1**	**13.3**	**4**	**16.4**	**7.4**	**14.4**	**20**	**18.9**	**5**
Life and accident	13.8	–	13.2	0.1	11.9	–	13.4	9.7	11.3	–	12.4	–
Fire and casualty	22.8	–	17.2	0.2	15.6	–	21.7	7.5	16.0	–	26.7	–
Multiple line	20.0	–	14.9	0.1	13.5	–	16.8	6.5	14.1	–	22.0	–
Publishing	**19.8**	**5**	**18.0**	**0.2**	**13.9**	**2**	**17.2**	**6.2**	**15.7**	**14**	**16.8**	**9**
Construction, mining, transport equip	**19.7**	**7**	**17.1**	**0.4**	**14.4**	**12**	**13.7**	**6.5**	**14.2**	**23**	**15.6**	**15**
Construction and materials handling	13.0	–	10.4	0.4	8.6	–	9.9	4.1	12.6	–	5.6	–
Mining and drilling equipment	21.7	–	25.1	0.3	19.9	–	15.4	10.5	27.1	–	24.4	–
Rail equipment	12.6	–	12.9	0.7	5.6	–	7.1	3.3	12.4	–	6.9	–
Energy	**19.5**	**8**	**18.3**	**0.4**	**11.5**	**15**	**12.8**	**4.4**	**21.0**	**3**	**16.5**	**11**
International oils	19.4	–	19.9	0.2	16.1	–	14.6	4.4	17.0	–	16.4	–
Other oil and gas	20.2	–	18.1	0.5	11.2	–	12.9	4.4	22.9	–	16.7	–
Coal	9.7	–	4.7	0.4	3.8	–	6.6	1.2	10.7	–	–6.3	–
Toiletries and cosmetics	**19.5**	**8**	**15.4**	**0.2**	**11.9**	**9**	**15.1**	**7.1**	**12.9**	**30**	**12.0**	**25**
Health care	**19.2**	**10**	**19.2**	**0.2**	**13.1**	**14**	**13.4**	**6.3**	**20.2**	**5**	**21.8**	**2**
Electronics	**19.1**	**11**	**16.1**	**0.2**	**13.2**	**6**	**16.3**	**6.2**	**17.9**	**9**	**21.6**	**3**
Computers	**19.0**	**12**	**13.7**	**0.2**	**11.6**	**4**	**16.4**	**6.3**	**23.0**	**2**	**21.3**	**4**
Aerospace and defense	**18.6**	**13**	**18.0**	**0.2**	**13.0**	**10**	**14.4**	**3.9**	**15.2**	**16**	**18.4**	**6**
Electrical equipment	**18.3**	**14**	**17.8**	**0.1**	**16.2**	**3**	**16.5**	**6.3**	**15.2**	**16**	**15.0**	**17**
Contractors	**18.1**	**15**	**16.9**	**0.4**	**12.9**	**18**	**12.2**	**2.5**	**17.9**	**9**	**15.2**	**16**
Heavy construction	16.2	–	16.9	0.3	12.9	–	12.4	1.9	16.9	–	12.6	–
Home-building	17.1	–	9.2	0.5	6.0	–	9.9	2.4	16.4	–	26.7	–
Oilfield drillers	20.7	–	27.9	0.6	17.9	–	12.5	13.6	18.3	–	21.5	–
Leisure	**17.7**	**16**	**12.6**	**0.5**	**10.2**	**21**	**11.4**	**4.6**	**13.6**	**25**	**13.7**	**20**
Hotels and gambling	20.3	–	18.1	1.1	11.0	–	9.9	5.0	13.5	–	20.3	–
Entertainment	20.8	–	20.8	0.3	12.8	–	17.1	7.0	16.4	–	16.3	–
Recreation	12.3	–	9.6	0.3	8.2	–	11.1	4.4	12.9	–	8.2	–
Specialty retailers	**17.6**	**17**	**17.3**	**0.6**	**11.6**	**15**	**12.8**	**2.5**	**17.3**	**11**	**16.9**	**8**
Drug chains	19.1	–	18.6	0.6	12.5	–	14.2	2.4	20.3	–	18.6	–
Fast food chains	15.7	–	12.2	1.0	8.0	–	11.1	1.5	18.1	–	11.7	–
Other specialists	16.1	–	15.6	0.4	10.6	–	13.3	2.7	14.2	–	15.7	–
Industrial equipment and services	**17.1**	**18**	**15.4**	**0.3**	**12.3**	**11**	**13.8**	**5.1**	**13.7**	**24**	**14.9**	**18**
Production equipment	17.1	–	15.1	0.4	10.9	–	14.0	5.1	14.2	–	14.1	–
Specialty equipment and materials	16.8	–	14.6	0.3	12.3	–	13.5	4.9	13.6	–	13.4	–
Industrial services	19.0	–	23.7	0.5	15.9	–	13.7	6.0	17.2	–	22.8	–
Chemicals	**16.6**	**19**	**14.7**	**0.4**	**10.0**	**23**	**11.1**	**5.4**	**13.5**	**26**	**9.9**	**38**
Diversified	13.1	–	13.3	0.4	9.6	–	9.8	4.9	12.6	–	7.9	–
Specialized	18.2	–	15.9	0.4	11.2	–	13.0	6.7	15.0	–	15.3	–
Natural gas	**16.5**	**20**	**19.1**	**0.7**	**9.4**	**40**	**8.7**	**4.7**	**20.6**	**4**	**10.5**	**34**
Producers and pipeliners	18.3	–	21.1	0.7	11.2	–	9.8	5.0	23.0	–	12.7	–
Pipeliners and distributors	18.3	–	22.4	0.5	11.0	–	9.6	5.4	23.8	–	13.1	–
Distributors	13.5	–	14.7	0.8	8.8	–	7.7	4.0	19.6	–	8.4	–
Conglomerates	**16.3**	**21**	**15.2**	**0.5**	**9.3**	**36**	**9.9**	**4.0**	**11.1**	**38**	**13.8**	**19**
Branded foods	**15.9**	**22**	**15.7**	**0.4**	**11.6**	**19**	**11.9**	**3.4**	**11.9**	**35**	**11.8**	**26**
Diversified	16.1	–	15.2	0.4	11.3	–	11.6	3.2	11.3	–	11.9	–
Specialized	15.9	–	17.0	0.3	12.7	–	12.3	3.7	12.1	–	11.6	–
Truckers and shippers	**15.5**	**23**	**15.4**	**0.5**	**9.4**	**33**	**10.1**	**3.9**	**14.7**	**18**	**11.4**	**27**
Truckers	22.2	–	18.9	0.5	8.7	–	10.6	3.7	14.8	–	14.2	–
Other surface transportation	14.7	–	14.5	0.5	11.7	–	10.0	6.7	8.2	–	8.8	–

Note: Explanation of Yardsticks calculations on page 51. def: deficit

Industry medians

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Industry	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Wholesalers	**15.4%**	**24**	**14.7%**	**0.5**	**11.2%**	**20**	**11.5%**	**1.2%**	**14.3%**	**21**	**12.2%**	**24**
Food distributors	14.9	–	12.8	0.7	8.7	–	10.6	0.8	14.7	–	10.6	–
Other wholesalers	17.6	–	18.7	0.4	13.2	–	12.8	1.9	14.3	–	15.2	–
Food processors	**15.3**	**25**	**14.0**	**0.5**	**11.2**	**23**	**11.1**	**1.4**	**8.6**	**46**	**11.3**	**28**
Meatpackers	13.9	–	13.3	1.0	10.3	–	10.1	0.9	7.9	–	6.8	–
Agricultural commodities	15.3	–	14.8	0.4	12.3	–	11.4	3.0	11.3	–	12.9	–
Household goods	**15.2**	**26**	**13.9**	**0.4**	**9.9**	**23**	**11.1**	**3.8**	**10.1**	**42**	**10.1**	**35**
Appliances	14.2	–	14.4	0.5	9.1	–	10.8	2.9	8.2	–	8.6	–
Housewares and furnishings	11.3	–	9.7	0.7	7.5	–	9.5	1.9	9.3	–	11.6	–
Housekeeping products	17.4	–	15.6	0.2	11.4	–	13.6	5.4	11.8	–	10.1	–
Supermarkets	**15.0**	**27**	**14.8**	**0.9**	**10.2**	**32**	**10.2**	**1.2**	**13.1**	**28**	**15.7**	**13**
Major chains	18.1	–	17.3	1.0	10.4	–	10.6	1.1	14.0	–	13.8	–
Regional chains	14.4	–	13.2	0.9	9.6	–	10.1	1.2	12.7	–	15.7	–
Financial services	**14.9**	**28**	**11.9**	**0.7**	**8.1**	**36**	**9.9**	**4.0**	**14.6**	**19**	**16.2**	**12**
Beverages	**14.7**	**29**	**18.9**	**0.3**	**11.9**	**26**	**10.8**	**4.9**	**12.2**	**31**	**9.3**	**42**
Forest products	**14.7**	**29**	**11.9**	**0.4**	**8.6**	**33**	**10.1**	**4.7**	**11.8**	**36**	**9.9**	**38**
Building materials	**14.6**	**31**	**9.8**	**0.4**	**7.6**	**30**	**10.5**	**3.8**	**10.3**	**41**	**10.7**	**32**
Lumber	14.5	–	7.8	0.5	6.0	–	9.7	3.6	12.8	–	9.3	–
Cement and gypsum	15.2	–	11.4	0.7	7.5	–	10.7	5.2	9.9	–	14.9	–
Other building materials	12.5	–	9.7	0.4	7.9	–	8.4	2.9	9.6	–	8.8	–
Building equipment	17.0	–	14.0	0.4	12.6	–	14.5	5.4	10.3	–	18.2	–
Multi-industry companies	**14.6**	**31**	**13.7**	**0.3**	**10.0**	**26**	**10.8**	**5.3**	**9.7**	**43**	**12.9**	**22**
Banks	**14.4**	**33**	**14.1**	**0.4**	**11.5**	**22**	**11.3**	**5.6**	**18.3**	**7**	**11.0**	**30**
New York banks	14.4	–	14.1	0.5	12.0	–	11.3	3.8	19.7	–	9.7	–
Regional banks	14.5	–	14.0	0.3	11.3	–	11.7	5.9	17.6	–	11.4	–
Telecommunications	**14.3**	**34**	**14.5**	**0.9**	**7.5**	**44**	**7.1**	**10.3**	**11.6**	**37**	**8.2**	**43**
Auto suppliers	**13.9**	**35**	**12.4**	**0.4**	**9.8**	**33**	**10.1**	**3.3**	**10.6**	**39**	**10.6**	**33**
Tire and rubber	6.9	–	8.6	0.5	6.9	–	6.0	2.4	8.3	–	1.8	–
Parts makers	15.3	–	14.1	0.4	10.1	–	12.2	3.9	13.0	–	13.6	–
Brokerage	**13.8**	**36**	**17.6**	**0.5**	**15.5**	**17**	**12.7**	**4.5**	**30.8**	**1**	**11.3**	**28**
Nonferrous metals	**13.8**	**36**	**11.6**	**0.4**	**9.0**	**31**	**10.4**	**4.0**	**13.5**	**26**	**9.5**	**41**
Autos and trucks	**13.4**	**38**	**7.3**	**0.3**	**6.0**	**26**	**10.8**	**2.2**	**12.1**	**34**	**7.2**	**44**
Railroads	**12.7**	**39**	**13.2**	**0.6**	**8.5**	**43**	**8.0**	**6.3**	**13.1**	**28**	**15.7**	**13**
Packaging	**12.5**	**40**	**10.1**	**0.5**	**8.0**	**38**	**9.1**	**3.0**	**12.2**	**31**	**10.0**	**36**
General retailers	**12.1**	**41**	**10.6**	**0.7**	**7.9**	**41**	**8.6**	**2.2**	**9.7**	**43**	**9.6**	**40**
Department stores	12.0	–	12.1	0.6	8.0	–	8.8	2.6	10.0	–	8.0	–
Discount and variety stores	12.9	–	8.7	0.9	6.9	–	8.5	1.4	9.6	–	11.9	–
Steel	**12.1**	**41**	**13.9**	**0.4**	**10.6**	**42**	**8.3**	**4.4**	**10.4**	**40**	**4.9**	**45**
Electric utilities	**11.8**	**43**	**12.6**	**0.9**	**6.6**	**45**	**6.6**	**10.4**	**15.8**	**13**	**2.7**	**46**
Northeast	11.5	–	12.2	0.9	6.3	–	6.6	9.1	12.9	–	3.3	–
Midwest	11.8	–	11.9	0.9	6.2	–	6.5	11.9	15.1	–	2.1	–
Southeast	12.1	–	13.2	0.9	6.6	–	6.4	10.2	16.1	–	2.9	–
Southwest	14.0	–	14.3	0.9	7.4	–	7.6	12.0	19.8	–	6.0	–
West	11.2	–	13.3	0.9	7.4	–	6.8	10.9	20.3	–	1.2	–
The thrifts	**11.8**	**43**	**def**	**0.5**	**0.9**	**29**	**10.6**	**def**	**19.8**	**6**	**10.0**	**36**
Apparel	**11.0**	**45**	**11.3**	**0.3**	**9.7**	**38**	**9.1**	**3.3**	**8.8**	**45**	**13.2**	**21**
Clothing	12.4	–	12.8	0.4	10.1	–	9.7	3.3	7.7	–	15.5	–
Textiles	9.1	–	9.4	0.3	7.3	–	7.0	2.7	8.7	–	7.9	–
Shoes	23.5	–	23.0	0.3	16.4	–	16.3	4.4	13.3	–	19.0	–
Airlines	**9.0**	**46**	**5.3**	**1.7**	**3.9**	**46**	**5.9**	**1.2**	**16.5**	**12**	**12.7**	**23**
All-industry medians	**15.5**	**–**	**14.7**	**0.4**	**10.9**	**–**	**11.1**	**4.5**	**14.0**	**–**	**12.5**	**–**

Note: Explanation of Yardsticks calculations on page 51. def: deficit

How do companies rank by the measure that counts most—the amount of return in net profits for every dollar of capital that goes in?

Who's where in profitability

THE MOST COMMONLY USED MEASURE OF profitability for a company is return on equity. The *ultimate* measure is return on total capital—equity plus debt. Each company in the FORBES Annual Report on American Industry is ranked both ways in the following table.

Both measures are needed because return on equity alone can sometimes be misleading. If a company has had significant losses in the recent past, for example, stockholders' equity will be much smaller—so its earnings, as a percentage of that smaller base, will appear unusually high as they start to recover. You can tell which companies these may be by looking at return on total capital.

A highly leveraged company, too, can often wring a spectacular return on equity out of a modest return on total capital. In many cases, that is a measure of effective financial management. But in these days of wildly volatile interest rates, anyone leaning heavily on leverage might be wise to consider a change in financial style or there will be sleepless nights ahead.

New to the list and—talk about smashing entrances—leading all the rest in both return on equity and return on total capital is NIKE, the footwear people, whose dashing "Swoosh" trademark may be seen wherever joggers and racewalkers hang out. In recent years its ROE has been averaging 101.4%—an astonishing return for which a word of explanation is in order.

NIKE was privately held until Lehman Brothers Kuhn Loeb brought it public late in 1980, and, with 1981 sales of $458 million and net profits of $26 million, it is no giant among the companies rounded up in the apparel group *(see p. 216)*. For NIKE, FORBES' calculations of average returns went back only four years, rather than five, and were based on stockholders' equity *before* the public offering, which brought an additional $27 million in equity into the company. The effect of that additional capital was reflected only partially for the latest 12 months.

Note the difference between its average returns and its returns for the latest 12 months. The slide in ROE from 101.4% on average to 58.6% for the latest 12 months doesn't reflect a slide from the astonishing to the merely spectacular. Rather, that is a measure of the impact of the additional capital now in the business. As the bigger equity base is applied to earnings in subsequent quarters, the returns on equity will look less dazzling.

Who's where in profitability

	Return on equity			Return on capital		
Company	**5-year average***	**rank**	**latest 12 months**	**5-year average***	**rank**	**latest 12 months**
NIKE	101.4%	**1**	58.6%	84.4%	**1**	48.2%
L B Foster	96.1	**2**	78.7	15.2	**235**	22.5
Subaru of America	65.8	**3**	57.9	62.9	**2**	46.4
Consol Petroleum	62.4	**4**	10.1	**		7.5
Tosco	52.5	**5**	def	12.6	**393**	def
Reliance Group	50.3	**6**	16.4	16.5	**180**	10.9
GEICO	49.4	**7**	35.0	23.5	**37**	19.2
Columbia Pictures	47.8	**8**	20.8	21.2	**68**	12.8
Tandy	47.0	**9**	40.8	27.6	**19**	31.1
Savin	44.1	**10**	def	34.2	**5**	def
Charter	41.7	**11**	2.3	22.2	**53**	4.3
Alexander & Alexander	39.2	**12**	28.8	42.4	**3**	28.9
Federal Express	39.0	**13**	28.2	25.2	**27**	18.2
Standard Oil Ohio	38.6	**14**	42.6	17.1	**165**	23.1
Mitchell Energy & Dev	38.1	**15**	37.6	12.7	**385**	12.3
Resorts Intl	37.4	**16**	0.6	28.9	**14**	2.0
GEO International	37.2	**17**	51.3	27.1	**22**	41.5
Shaklee	36.8	**18**	28.1	24.9	**30**	21.3
SmithKline	36.4	**19**	35.8	31.8	**9**	32.2
First Executive	36.3	**20**	36.2	20.3	**85**	24.1
Phibro	36.0	**21**	25.3	28.5	**15**	19.6
Schlumberger	35.5	**22**	37.8	32.8	**8**	35.6
Servicemaster Inds	35.5	**23**	36.4	36.5	**4**	36.8
Teledyne	35.4	**24**	28.2	24.2	**34**	19.8
Emery Air Freight	35.2	**25**	30.9	33.5	**6**	28.7
Superior Oil	34.8	**26**	21.3	12.2	**418**	13.3
Food Town Stores	34.6	**27**	32.1	28.1	**17**	26.5
Metromedia	34.2	**28**	39.1	18.5	**124**	21.5
Worthington Inds	33.7	**29**	26.6	21.8	**58**	16.9
Mission Insurance	33.6	**30**	26.7	27.7	**18**	23.9
Computer Sciences	33.3	**31**	18.0	17.4	**153**	12.8
American Home Products	33.0	**32**	32.8	33.0	**7**	32.7
Pioneer	32.9	**33**	36.9	17.4	**152**	22.0
Howell	32.8	**34**	14.3	20.5	**81**	12.1
Dow Jones	32.0	**35**	30.4	29.0	**13**	28.2
Nucor	31.8	**36**	18.2	23.4	**39**	15.2
Chic & North Western	31.4	**37**	39.0	7.9	**765**	10.9
Texas Oil & Gas	31.4	**38**	36.6	15.9	**202**	17.1
G Heileman Brewing	31.2	**39**	30.7	23.2	**40**	21.4
Levi Strauss	31.2	**40**	22.3	27.2	**21**	19.8
Marsh & McLennan Cos	31.2	**41**	20.8	31.8	**10**	15.4
Avon Products	30.8	**42**	25.9	30.0	**11**	24.5
Western Co No Amer	30.6	**43**	35.6	13.0	**359**	16.2
Wal-Mart Stores	30.6	**44**	27.9	20.6	**77**	18.2
Marion	30.3	**45**	18.1	16.8	**171**	10.9
Todd Shipyards	30.3	**46**	27.0	14.7	**257**	17.8
Wang Laboratories	30.2	**47**	25.0	19.7	**95**	16.1
Occidental Petroleum	30.1	**48**	27.9	15.0	**242**	16.3
Storage Technology	30.0	**49**	24.8	19.0	**107**	12.9
Parsons	29.7	**50**	27.7	23.5	**38**	24.2
Dorchester Gas	29.7	**51**	25.1	18.8	**116**	15.3
Kelly Services	29.4	**52**	26.6	29.4	**12**	26.4
SCOA Industries	29.4	**52**	23.6	17.6	**148**	15.0
Trinity Industries	29.1	**54**	32.6	22.1	**54**	22.8
United Energy Resources	29.1	**55**	29.1	19.0	**108**	19.8
Palm Beach	29.0	**56**	25.7	19.5	**99**	17.0
Super Valu Stores	28.9	**57**	26.1	18.7	**120**	18.6
Warner Communications	28.9	**58**	23.7	19.5	**97**	19.7
Fairchild Industries	28.8	**59**	21.9	20.5	**79**	13.9
Ashland Oil	28.8	**60**	6.4	15.1	**239**	6.5
James River Corp Va	28.8	**61**	22.8	15.7	**210**	14.6
IU International	28.7	**62**	24.6	11.2	**499**	11.9
RLC	28.3	**63**	13.6	10.8	**526**	8.7
Entex	28.2	**64**	21.8	12.8	**303**	11.3
Dun & Bradstreet	28.1%	**65**	29.8%	28.1%	**16**	29.7%
Toys "Я" Us	28.1	**65**	19.4	16.1	**196**	17.4
Pennzoil	27.8	**67**	23.4	13.4	**330**	13.0
Deluxe Check Printers	27.8	**68**	29.0	25.7	**24**	26.2
Melville	27.7	**69**	23.5	25.9	**23**	22.5
Petrie Stores	27.6	**70**	22.7	27.5	**20**	22.6
Gelco	27.6	**71**	31.7	8.0	**762**	9.1
Service Merchandise	27.5	**72**	18.3	19.2	**105**	11.2
Best Products	27.3	**73**	15.3	20.4	**84**	9.1
Kellogg	27.3	**73**	26.1	22.6	**50**	21.9
E F Hutton Group	27.1	**75**	28.1	22.9	**46**	21.2
EG&G	27.0	**76**	28.3	23.1	**41**	25.4
AMP	27.0	**77**	20.6	23.1	**43**	18.3
Parker Drilling	27.0	**78**	32.4	16.6	**178**	23.4
Dover	26.7	**79**	28.3	23.1	**44**	25.3
Boeing	26.6	**80**	23.4	22.8	**49**	19.4
Intel	26.2	**81**	10.2	25.1	**28**	7.7
U S Air	26.2	**82**	22.6	12.2	**425**	12.6
Baldwin-United	26.1	**83**	27.2	16.3	**187**	16.9
Ohio Casualty	26.1	**84**	18.3	25.5	**25**	18.2
Humana	26.0	**85**	34.9	10.4	**569**	11.8
Houston Natural Gas	25.8	**86**	27.1	15.4	**225**	17.0
Lubrizol	25.8	**86**	17.8	23.9	**35**	15.9
Cross & Trecker	25.7	**88**	26.5	23.7	**36**	24.2
Natl Convenience Stores	25.7	**89**	26.6	14.7	**258**	13.8
Bally Manufacturing	25.5	**90**	23.8	18.9	**111**	17.3
Nalco Chemical	25.5	**90**	25.9	24.7	**31**	25.2
Hoover Universal	25.5	**92**	16.3	14.0	**293**	11.7
Louisiana Land	25.5	**92**	23.5	20.6	**77**	19.4
Square D	25.5	**92**	25.0	20.6	**76**	19.9
Caesars World	25.5	**95**	30.0	10.1	**595**	12.2
Maytag	25.5	**96**	20.9	24.4	**32**	19.5
Washington Post	25.4	**97**	15.8	19.4	**101**	11.8
Lear Siegler	25.4	**98**	21.7	15.3	**228**	14.9
Old Republic Intl	25.4	**99**	19.8	25.5	**26**	16.9
Natomas	25.3	**100**	23.8	17.3	**156**	17.0
Piedmont Aviation	25.3	**100**	27.5	10.2	**581**	11.9
MAPCO	25.3	**102**	18.8	13.4	**329**	9.7
Geosource	25.3	**103**	32.8	22.8	**47**	33.6
American Standard	25.2	**104**	21.3	17.2	**160**	14.6
Snap-On Tools	25.2	**105**	19.5	21.4	**63**	16.9
Baker International	25.2	**106**	30.9	17.9	**135**	22.2
Hilton Hotels	25.1	**107**	23.7	18.1	**129**	18.8
Pioneer Hi-Bred Intl	25.1	**108**	26.7	22.0	**56**	22.8
Parker Pen	25.1	**109**	14.0	22.9	**45**	13.4
USF&G	25.0	**110**	13.0	25.1	**29**	13.1
Petrolane	24.9	**111**	27.4	17.7	**144**	20.2
Fort Howard Paper	24.8	**112**	23.9	20.4	**83**	18.0
Big V Supermarkets	24.8	**113**	23.5	16.2	**192**	15.9
Merck	24.7	**114**	21.6	21.3	**66**	19.6
Consol Freightways	24.7	**115**	36.3	19.5	**100**	27.1
Keystone Foods	24.7	**116**	20.8	14.5	**269**	11.5
Missouri Pacific	24.7	**116**	21.3	11.6	**458**	10.9
Loews	24.6	**118**	23.6	11.5	**469**	12.0
Cooper Industries	24.6	**119**	21.6	21.6	**59**	21.2
Foster Wheeler	24.4	**120**	22.0	20.3	**86**	19.6
Albertson's	24.4	**121**	21.5	13.7	**308**	13.2
Frontier Airlines	24.3	**122**	26.0	15.6	**212**	15.3
Fluor	24.2	**123**	22.0	18.9	**110**	14.1
Lucky Stores	24.2	**124**	19.8	14.9	**251**	11.7
Raytheon	24.2	**124**	23.9	22.4	**51**	22.8
ConAgra	24.2	**126**	24.2	15.7	**208**	15.6
Crum & Forster	24.1	**127**	21.6	23.1	**41**	21.2
Dillon Companies	24.1	**128**	25.7	18.0	**133**	16.7

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

**Not available; not ranked. def: deficit.

Who's where in profitability

	Return on equity			Return on capital		
Company	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
McDonald's	24.1%	129	22.2%	13.6%	322	13.0%
Sun Chemical	24.0	130	19.9	14.9	250	11.6
Circle K	24.0	131	25.6	14.7	258	14.5
Masco	23.9	132	22.4	14.5	267	12.6
Kay	23.9	133	def	12.9	362	0.2
Belco Petroleum	23.7	134	25.1	18.5	125	19.6
Philip Morris	23.7	135	23.6	13.6	315	13.3
American Intl Group	23.6	136	20.6	22.3	52	19.8
Electronic Data Systems	23.6	137	26.6	21.3	64	22.5
Dayton-Hudson	23.6	138	14.9	17.5	150	12.0
Edison Bros Stores	23.6	139	19.1	19.7	93	16.2
Std Comml Tobacco	23.6	140	21.0	19.4	101	17.7
Freeport-McMoran	23.5	141	30.9	16.9	169	19.1
Coca-Cola	23.4	142	22.8	21.9	57	20.1
Kaneb Services	23.3	143	17.3	13.8	302	11.6
PACCAR	23.2	144	14.7	21.6	59	13.9
Halliburton	23.0	145	23.9	18.7	121	18.9
MGM Grand Hotels	22.9	146	19.4	**		11.1
Waste Management	22.9	147	23.7	15.5	217	17.5
Northrop	22.9	148	9.6	19.8	91	8.9
Kemper	22.8	149	15.1	22.8	48	15.2
Dean Foods	22.8	150	25.6	16.2	191	16.5
Cabot	22.8	151	21.2	15.0	243	14.6
Centex	22.8	152	11.4	9.9	612	7.2
General Re	22.8	152	20.1	22.1	54	19.8
Leaseway Transportation	22.7	154	18.9	10.6	541	10.1
IBM	22.7	155	21.0	21.5	61	18.9
Vulcan Materials	22.6	156	23.1	15.8	205	17.1
Sigmor	22.5	157	18.4	16.0	199	12.5
Tyler	22.5	157	25.1	16.2	193	17.5
Intl Flavors & Frag	22.5	159	16.5	21.0	71	15.7
Capital Cities Commun	22.5	160	21.2	17.7	143	18.8
Ryder System	22.5	161	19.3	9.8	626	8.6
Abbott Laboratories	22.5	162	23.1	17.9	137	18.9
Amer Broadcasting	22.4	163	16.1	17.9	138	13.4
Interpublic Group	22.4	164	14.4	21.3	64	13.1
PepsiCo	22.4	165	22.5	16.1	196	14.9
Holly Corp	22.3	166	11.2	16.1	195	7.9
Phillips Petroleum	22.3	166	19.9	17.2	158	16.1
Roadway Express	22.2	168	23.2	21.0	70	22.0
Bristol-Myers	22.2	169	21.7	20.4	82	20.2
Minn Mining & Mfg	22.1	170	17.5	18.9	112	15.4
Hanover Insurance	22.1	171	18.3	21.3	67	18.2
Sundstrand	22.1	171	23.0	14.4	275	15.8
CNA Financial	22.0	173	11.1	11.8	446	8.4
Niagara Frontier Services	21.9	174	14.8	15.5	218	10.2
Schering-Plough	21.9	175	15.1	21.0	72	13.7
Combined Internatl	21.8	176	21.0	21.4	62	21.0
Briggs & Stratton	21.7	177	9.7	21.2	69	9.3
Handy & Harman	21.7	178	21.1	14.4	273	14.7
Republic New York	21.7	178	23.9	14.2	287	15.5
Smith International	21.7	180	25.1	18.2	127	19.9
Rite Aid	21.7	181	20.2	19.2	106	18.3
Auto Data Processing	21.5	182	19.1	18.9	112	15.1
Emerson Electric	21.5	183	22.1	19.7	92	19.6
Eli Lilly	21.5	183	20.8	20.8	74	19.4
Data General	21.5	185	12.4	19.3	103	10.0
Northwest Industries	21.5	186	24.9	13.0	357	15.8
Upjohn	21.3	187	18.2	15.5	219	13.0
Gannett	21.3	188	21.1	18.8	114	17.7
Revco D S	21.3	189	19.7	17.7	142	16.3
Consolidated Papers	21.2	190	19.4	18.4	126	16.7
Rollins	21.2	191	21.7	17.6	146	19.0
McGraw-Hill	21.2	192	21.5	18.8	117	19.7
Esmark	21.1%	193	14.0%	12.7%	388	9.3%
Chesebrough-Pond's	21.1	194	22.6	17.1	163	17.7
Times Mirror	21.1	195	17.3	17.8	140	11.6
Harris Corp	21.1	196	20.8	15.9	203	13.7
Genuine Parts	21.1	197	21.0	20.5	80	20.2
Amdahl	21.1	198	9.6	24.2	33	10.1
U S Home	21.1	198	11.5	10.7	534	6.0
Ametek	21.0	200	20.4	16.1	196	14.3
Cincinnati Milacron	21.0	201	15.0	14.4	271	11.6
TRW	21.0	201	21.5	13.6	320	13.4
American Family	21.0	203	10.9	19.7	93	9.5
Blue Bell	20.9	204	11.6	18.0	132	10.3
Cameron Iron Works	20.9	205	24.6	14.2	285	16.9
CBS	20.9	205	15.2	17.9	136	12.4
Oneok	20.9	207	19.9	11.3	482	10.6
Aetna Life & Casualty	20.9	208	14.6	18.6	122	13.6
Cullum Companies	20.8	209	22.6	11.6	458	12.9
Longs Drug Stores	20.8	210	17.9	20.8	73	17.9
Weis Markets	20.8	211	20.1	20.8	74	20.1
Crown Central Petroleum	20.8	212	def	12.8	374	def
General Cinema	20.8	212	22.3	13.1	349	12.9
Revlon	20.7	214	14.7	17.0	166	11.6
Alcan Aluminium	20.7	215	14.7	13.5	325	9.9
Golden West Finl	20.7	215	3.2	16.8	171	3.5
Bausch & Lomb	20.7	217	15.4	16.9	170	13.8
Santa Fe Intl	20.7	218	29.7	12.5	399	17.9
Winn-Dixie Stores	20.6	219	19.7	18.0	131	17.3
American Express	20.6	220	17.9	17.2	160	16.0
General Electric	20.6	221	19.6	18.0	130	18.1
R J Reynolds Inds	20.6	222	20.3	14.7	260	14.1
Wyman-Gordon	20.5	223	28.3	16.4	182	22.8
Supermarkets General	20.4	224	18.0	10.5	550	10.3
Atlantic Richfield	20.4	225	21.5	13.3	337	13.5
Hughes Tool	20.4	225	24.5	17.2	158	20.9
American Brands	20.4	227	20.2	14.5	270	14.6
W W Grainger	20.4	227	19.0	20.0	88	18.8
Avco	20.4	229	10.8	7.2	817	5.8
Bendix	20.4	229	36.7	15.5	215	24.3
CBI Industries	20.4	229	21.7	16.5	179	17.7
Farmers Group	20.4	232	17.9	19.5	98	17.8
Pitney Bowes	20.3	233	14.9	14.3	283	10.6
Amerada Hess	20.2	234	11.4	14.3	279	8.0
Pay Less Drug NW	20.2	235	18.6	14.2	287	10.1
Amsted Industries	20.2	236	14.3	19.7	95	13.9
Mercantile Texas	20.1	237	20.2	15.0	241	16.0
INA	20.1	238	32.0	17.3	155	25.9
A C Nielsen	20.1	238	21.3	20.1	87	20.3
Caterpillar Tractor	20.1	240	17.9	15.3	226	14.8
Eastman Kodak	20.0	241	21.2	18.9	109	20.0
Alco Standard	20.0	242	18.8	14.8	256	13.6
Whittaker	20.0	243	22.4	15.3	228	21.0
Hyster	20.0	244	9.8	16.4	183	8.7
Republic Finl Svcs	20.0	244	14.9	15.9	203	13.0
Murphy Oil	20.0	246	25.1	12.0	430	16.0
Tektronix	19.9	247	15.8	17.3	154	13.0
Natl Semiconductor	19.9	248	12.1	15.4	222	8.5
Farm House Foods	19.9	249	17.3	7.7	777	3.7
Idle Wild Foods	19.9	249	18.0	16.0	200	14.9
Lockheed	19.9	249	17.7	9.7	638	10.2
Denny's	19.9	252	17.8	11.8	446	9.9
Panhandle Eastern	19.9	253	24.3	10.2	582	11.4
Southern Union	19.9	254	20.3	10.4	565	9.0
Bangor Punta	19.9	255	22.1	11.4	479	12.8
Blount	19.8	256	13.8	12.4	410	8.5

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

**Not available; not ranked. def: deficit.

Who's where in profitability

Company	Return on equity			Return on capital		
	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
Colonial Penn Group	19.8%	257	5.5%	19.8%	90	5.5%
Gates Learjet	19.8	258	19.7	16.9	168	15.8
American Stores	19.8	259	15.4	16.0	200	8.8
Engelhard	19.7	260	20.0	17.6	148	18.0
St Paul Companies	19.7	261	13.0	17.7	145	12.9
Flowers Industries	19.7	262	19.6	12.5	404	12.7
Combustion Engineering	19.7	263	21.3	12.9	362	13.8
Standard Oil Calif	19.7	264	21.9	15.7	208	17.3
Avnet	19.7	265	16.3	17.5	151	15.2
Standard Oil Indiana	19.5	266	20.7	14.1	290	14.7
Procter & Gamble	19.5	267	18.6	15.1	239	14.2
Texas Commerce Bshs	19.5	268	22.1	18.1	128	20.9
Hewlett-Packard	19.5	269	19.8	18.8	117	18.9
Exxon	19.4	270	23.0	14.6	263	16.5
Equifax	19.4	271	24.7	16.7	176	20.4
Big Three Industries	19.4	272	21.8	14.8	253	16.2
Carpenter Technology	19.4	273	17.8	17.8	139	16.4
Johnson & Johnson	19.4	273	17.7	18.8	115	16.9
Pan Am World Airways	19.3	275	32.4	9.0	696	14.0
M/A-Com	19.3	276	24.4	19.9	89	26.6
Mead	19.3	276	14.3	11.8	443	9.4
National Svc Inds	19.3	278	20.6	16.7	174	18.1
Dow Chemical	19.3	279	14.7	11.7	453	8.9
Dresser Industries	19.3	279	19.0	15.4	224	15.7
Turner Construction	19.2	281	25.0	19.3	104	25.7
Arkla	19.2	282	22.4	10.0	604	11.0
United States Shoe	19.2	283	22.4	14.9	248	17.8
Dexter	19.2	284	16.4	14.3	278	11.4
Brown-Forman Dist	19.2	285	24.6	14.6	262	18.6
Natl Medical Entrprs	19.2	285	19.3	10.0	603	11.9
Air Prods & Chems	19.2	287	18.9	11.1	502	10.0
CPC International	19.2	287	18.5	15.6	214	15.2
Federal-Mogul	19.2	287	17.1	14.5	266	10.2
Hospital Corp of Am	19.1	290	19.4	9.5	657	9.1
VF	19.1	290	23.0	16.2	190	19.9
Jack Eckerd	19.1	292	19.1	18.5	123	18.3
NCR	19.0	293	13.7	15.0	244	12.3
Reading & Bates	19.0	293	24.9	12.0	430	14.9
Kimberly-Clark	19.0	295	15.4	14.4	271	11.9
Anixter Brothers	19.0	296	27.8	14.1	291	21.3
Chubb	19.0	297	15.6	17.6	147	15.0
American General	19.0	298	15.7	15.3	227	14.4
Scott & Fetzer	19.0	298	15.1	15.2	236	11.6
Mobil	18.9	300	18.4	13.7	308	13.4
Moore Corp	18.9	301	18.2	15.1	237	15.3
General Mills	18.9	302	20.1	14.4	276	15.5
Marathon Oil	18.8	303	18.9	11.7	453	11.7
General Instrument	18.8	304	19.4	15.2	234	16.8
So Natural Resources	18.8	305	19.2	10.7	536	11.3
Whirlpool	18.8	305	19.7	16.6	177	18.2
Athlone Industries	18.8	307	24.7	10.0	598	13.6
Johnson Controls	18.8	308	14.7	15.5	215	11.6
Tecumseh Products	18.7	309	19.0	18.7	119	19.0
Union Oil California	18.7	310	21.1	13.0	361	14.8
United Telecom	18.7	310	21.5	8.1	753	8.9
MCA	18.7	312	11.1	17.1	164	10.2
Heck's	18.7	313	16.2	13.5	328	10.4
Nordstrom	18.7	313	19.1	13.3	338	11.6
Texas Eastern	18.7	315	19.3	9.7	636	11.1
Transco Companies	18.7	315	20.3	7.6	789	8.5
First Intl Bshs	18.6	317	20.6	14.9	245	15.8
E-Systems	18.6	318	14.5	17.3	157	14.7
Xerox	18.6	318	17.5	15.7	207	15.1
Clorox	18.6	320	17.0	15.1	238	14.4

Company	Return on equity			Return on capital		
	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
InterNorth	18.6%	320	19.1%	10.2%	579	10.0%
Curtice-Burns	18.5	322	17.2	10.1	595	8.1
Hershey Foods	18.5	323	21.7	14.9	247	14.8
Mallinckrodt	18.5	324	15.4	14.0	297	13.0
Martin Marietta	18.5	324	18.6	13.8	303	13.0
Southwestern Pub Svc	18.5	324	19.2	8.0	758	8.3
Transamerica	18.5	327	15.3	11.5	469	9.1
Perkin-Elmer	18.5	328	17.8	16.7	175	15.3
Illinois Tool Works	18.5	329	15.2	17.9	134	14.8
Tesoro Petroleum	18.5	329	26.4	11.7	452	19.2
Getty Oil	18.4	331	20.5	14.8	255	15.4
Earle M Jorgensen	18.4	331	19.7	15.6	211	16.7
Milton Bradley	18.3	333	9.6	14.9	248	8.7
Shell Oil	18.3	334	20.4	13.1	351	13.5
Texas Instruments	18.3	335	10.7	17.8	141	10.0
Rohr Industries	18.2	336	12.6	8.2	745	9.6
Campbell Taggart	18.2	337	18.1	13.7	306	14.0
Universal Leaf	18.2	338	18.7	16.4	185	13.2
Safeco	18.2	339	12.0	14.6	265	10.3
Host International	18.2	340	6.6	11.7	456	5.3
Parker-Hannifin	18.1	341	17.1	14.4	273	13.3
Valley National	18.1	342	18.1	17.0	167	19.3
Digital Equipment	18.1	343	16.7	16.4	184	15.5
Malone & Hyde	18.1	344	12.1	15.3	231	9.2
Sysco	18.0	345	20.1	13.6	317	15.4
United Technologies	18.0	345	16.9	13.3	340	12.4
Diamond Shamrock	18.0	347	8.0	10.8	530	5.5
Univar	18.0	348	23.9	10.9	518	13.6
Northwest Energy	18.0	349	19.5	9.2	680	10.8
Sonoco Products	18.0	350	19.2	14.9	251	14.9
Stauffer Chemical	18.0	350	17.9	12.3	413	12.5
U S Bancorp	18.0	350	17.5	14.1	292	12.5
Union Camp	18.0	353	17.6	12.7	386	11.9
Colt Industries	17.9	354	17.4	11.9	434	12.2
ENSERCH	17.9	355	24.0	10.2	582	13.5
Intl Minerals & Chem	17.9	355	16.6	12.1	427	11.0
Barnes Group	17.9	357	10.8	14.3	281	9.8
Sun Company	17.9	357	15.8	12.5	402	9.2
Fleming Companies	17.9	359	18.4	12.6	393	12.7
Zurn Industries	17.9	360	18.0	12.8	377	12.9
Anheuser-Busch Cos	17.8	361	20.0	10.8	523	10.8
Thiokol	17.8	362	14.8	13.1	355	11.7
Central Tel & Utils	17.8	363	18.4	7.7	784	7.6
Nabisco Brands	17.8	364	18.8	**		13.4
Marsh Supermarkets	17.7	365	20.0	10.5	555	10.7
R H Macy	17.7	366	18.9	12.0	428	13.2
Raychem	17.7	367	16.7	16.3	188	14.8
Kaiser Alum & Chem	17.7	368	13.6	10.3	572	9.1
Marriott	17.7	369	24.5	9.4	658	10.9
Texas Gas Transmn	17.6	370	21.9	9.7	638	12.1
Walgreen	17.6	371	19.5	12.6	396	14.7
Wheelabrator-Frye	17.6	372	13.2	14.0	295	9.6
Foremost-McKesson	17.6	373	16.1	10.8	533	11.3
Witco Chemical	17.5	374	14.0	11.9	438	9.1
First City Bancorp	17.5	375	20.7	16.2	189	19.1
Amer Medical Intl	17.5	376	19.2	10.7	537	15.4
Stanadyne	17.5	377	18.6	14.7	261	15.2
Hannaford Bros	17.5	378	21.3	10.1	588	10.4
Ogden	17.4	379	16.1	8.8	704	8.4
Cessna Aircraft	17.4	380	20.5	14.5	268	17.9
Republic of Texas	17.4	381	18.1	14.3	283	15.5
Baxter Travenol Labs	17.4	382	16.4	13.4	336	13.1
Economics Laboratory	17.4	382	15.6	13.6	315	10.8
General Foods	17.4	384	14.7	13.9	299	11.6

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

**Not available; not ranked.

Who's where in profitability

	Return on equity			Return on capital		
Company	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
Meredith	17.4%	**385**	18.8%	11.9%	**436**	12.5%
Morse Shoe	17.3	**386**	11.2	15.2	**233**	9.2
Quaker Oats	17.3	**387**	17.5	12.3	**415**	12.5
Dana	17.3	**388**	11.8	13.8	**301**	9.9
Valero Energy	17.3	**389**	35.5	8.7	**709**	17.2
United States Gypsum	17.3	**390**	11.6	12.4	**408**	9.0
BankAmerica	17.2	**391**	13.1	13.4	**331**	10.7
Harvey Hubbell	17.2	**391**	18.1	16.7	**173**	16.9
Nashua	17.2	**391**	9.3	13.2	**347**	8.3
Business Men's Assur	17.2	**394**	14.3	15.3	**230**	14.7
Knight-Ridder News	17.2	**395**	16.5	15.8	**206**	14.6
Norton	17.1	**396**	15.5	14.0	**294**	12.3
Pillsbury	17.1	**396**	16.0	11.4	**475**	10.1
Ryan Homes	17.1	**398**	8.6	15.4	**223**	8.1
Carnation	17.1	**399**	15.7	14.0	**295**	13.3
Provident Life & Acc	17.1	**399**	14.1	17.1	**162**	14.1
Seaway Food Town	17.1	**401**	17.7	10.9	**512**	10.7
Harsco	17.1	**402**	16.1	13.9	**298**	12.3
Travelers	17.0	**403**	13.5	16.2	**194**	13.3
Evans Products	17.0	**404**	5.3	11.2	**496**	4.9
Pfizer	17.0	**404**	13.2	13.1	**352**	10.7
Norris Industries	17.0	**406**	14.0	15.6	**213**	13.0
Alcoa	17.0	**407**	12.6	11.5	**472**	9.4
Beatrice Foods	17.0	**408**	17.5	13.7	**307**	13.4
Emhart	17.0	**408**	12.6	14.3	**277**	11.2
H J Heinz	17.0	**410**	19.6	13.1	**355**	15.2
Universal Foods	17.0	**411**	15.8	13.4	**334**	11.9
Archer Daniels Midland	16.9	**412**	20.1	12.9	**367**	15.4
Transway Intl	16.9	**413**	13.3	13.7	**308**	11.7
Tenneco	16.9	**414**	16.4	9.9	**624**	9.3
Willamette Inds	16.9	**414**	9.1	12.4	**411**	6.9
Connecticut General	16.8	**416**	15.2	16.3	**186**	14.9
Gulf & Western Inds	16.8	**417**	14.5	9.0	**696**	9.8
Browning-Ferris Inds	16.8	**418**	20.3	10.9	**519**	13.1
Gillette	16.8	**418**	12.6	12.7	**389**	9.7
Insilco	16.8	**418**	16.1	10.4	**562**	10.2
Rockwell Intl	16.8	**421**	17.1	12.5	**401**	13.7
White Consolidated	16.8	**422**	16.4	10.6	**545**	11.4
Ethyl	16.7	**423**	13.4	10.8	**532**	9.6
Chromalloy American	16.7	**424**	12.7	9.6	**643**	8.5
Fred Meyer	16.7	**425**	14.3	11.1	**504**	10.5
NL Industries	16.6	**426**	29.3	12.7	**386**	21.6
H H Robertson	16.6	**427**	23.8	12.8	**376**	18.0
Cone Mills	16.6	**428**	11.3	14.8	**253**	10.6
E I du Pont	16.6	**428**	15.8	12.8	**381**	13.3
Security Pacific	16.6	**430**	16.7	13.7	**305**	12.6
Ideal Basic Inds	16.5	**431**	11.2	10.9	**515**	5.4
Morrison-Knudsen	16.5	**432**	14.7	12.9	**364**	13.0
Pacific Resources	16.5	**432**	10.4	9.5	**651**	6.3
General Signal	16.5	**434**	16.9	15.3	**231**	15.7
Southland	16.4	**435**	16.5	10.0	**601**	10.1
Motorola	16.4	**436**	15.8	14.6	**264**	13.3
USLIFE	16.4	**437**	14.8	13.6	**320**	12.0
Gordon Jewelry	16.4	**438**	15.0	13.7	**311**	12.1
First Interstate	16.3	**439**	15.9	13.1	**349**	12.8
Litton Industries	16.3	**440**	27.5	11.5	**466**	20.2
Dennison Mfg	16.3	**441**	16.2	13.8	**300**	14.0
Suburban Propane Gas	16.3	**442**	17.1	9.9	**609**	10.6
Time Inc	16.2	**443**	11.3	12.7	**384**	9.0
Lowe's Companies	16.2	**444**	10.1	12.8	**381**	8.8
Pay'n Save	16.2	**444**	12.3	12.0	**428**	8.6
New York Times	16.2	**446**	18.6	14.2	**289**	15.1
Bucyrus-Erie	16.2	**447**	9.6	12.8	**375**	8.3
City Investing	16.2	**447**	12.5	9.1	**685**	8.3
American Petrofina	16.2%	**449**	15.2%	11.4%	**476**	11.2%
Stone Container	16.2	**449**	20.6	10.1	**593**	12.4
Delta Air Lines	16.2	**451**	13.0	9.1	**687**	8.0
Ralston Purina	16.2	**451**	15.4	11.6	**458**	11.4
Black & Decker	16.1	**453**	11.4	13.3	**339**	9.5
A E Staley Mfg	16.1	**454**	26.3	11.3	**487**	19.3
Wm Wrigley Jr	16.1	**455**	13.5	15.4	**221**	13.1
Owens-Corning Fbrgls	16.1	**456**	8.6	12.4	**406**	6.7
K mart	16.0	**457**	9.9	11.8	**441**	7.0
Dean Witter Reynolds	16.0	**458**	25.4	16.5	**180**	25.6
Merrill Lynch	16.0	**459**	19.7	13.6	**319**	16.3
NICOR	16.0	**459**	15.3	8.5	**729**	8.1
Gulf United	16.0	**461**	15.1	13.1	**352**	11.5
Empire	15.9	**462**	7.9	10.1	**590**	5.5
Seafirst	15.9	**462**	15.4	14.3	**279**	13.3
Sterling Drug	15.9	**462**	15.1	14.3	**281**	13.3
Purolator	15.9	**465**	25.8	12.1	**426**	17.5
Continental Illinois	15.9	**466**	15.5	13.2	**341**	12.2
Gerber Products	15.9	**466**	17.0	14.2	**286**	14.8
Raymond Intl	15.9	**466**	11.0	12.3	**412**	9.5
Consolidated Foods	15.9	**469**	17.1	12.2	**421**	11.2
Signal Companies	15.9	**469**	13.4	11.7	**455**	11.4
Stanley Works	15.9	**471**	14.2	12.9	**367**	11.7
SEDCO	15.8	**472**	27.9	9.9	**616**	16.8
Georgia-Pacific	15.8	**473**	9.1	10.1	**585**	6.0
Brown Group	15.7	**474**	17.3	12.7	**391**	14.1
Michigan National	15.7	**474**	12.4	12.5	**403**	10.0
Beckman Instruments	15.7	**476**	12.3	13.1	**354**	10.2
Crocker National	15.7	**477**	12.0	11.3	**482**	9.5
Peoples Drug Stores	15.7	**477**	16.3	11.8	**439**	12.4
Central Steel & Wire	15.7	**479**	19.3	15.5	**220**	19.5
Echlin Manufacturing	15.7	**480**	7.8	12.2	**421**	7.8
Dart & Kraft	15.6	**481**	14.9	13.0	**360**	12.5
Scovill	15.6	**481**	9.9	11.6	**457**	8.8
Tyson Foods	15.6	**483**	4.7	10.9	**515**	4.0
Butler Manufacturing	15.6	**484**	10.9	12.9	**364**	9.5
Morton-Norwich	15.6	**485**	16.4	11.4	**474**	11.9
Texaco	15.6	**486**	18.6	11.5	**468**	13.8
Industrial National	15.5	**487**	17.8	10.5	**548**	10.7
Midland-Ross	15.5	**488**	11.3	12.0	**432**	8.5
Crane	15.5	**489**	13.2	9.5	**649**	9.0
Moore McCormack Res	15.5	**489**	14.5	9.1	**689**	8.1
Reeves Brothers	15.5	**489**	17.5	12.9	**364**	14.8
Gifford-Hill	15.5	**492**	14.6	11.3	**490**	10.6
Minnesota Gas	15.5	**493**	14.2	9.4	**663**	9.4
George A Hormel	15.5	**494**	12.5	13.7	**311**	11.3
Nash Finch	15.4	**495**	13.9	12.6	**392**	11.1
Pneumo	15.4	**495**	19.4	11.0	**509**	10.8
Crown Cork & Seal	15.4	**497**	10.1	13.4	**334**	9.1
Yellow Freight System	15.4	**497**	9.8	11.2	**494**	6.8
W R Grace	15.3	**499**	19.3	10.6	**543**	12.0
Heublein	15.3	**500**	17.7	11.3	**482**	13.3
Joy Manufacturing	15.3	**500**	20.3	13.2	**346**	17.0
Northwest Bancorp	15.3	**502**	14.0	11.9	**437**	10.8
Kroger	15.3	**503**	15.3	10.6	**540**	10.5
Seaboard Allied Milling	15.3	**503**	11.8	10.8	**526**	8.5
DEKALB AgResearch	15.3	**505**	10.8	11.8	**441**	8.4
Weyerhaeuser	15.3	**506**	7.6	10.9	**519**	6.3
Kidde	15.3	**507**	15.1	9.9	**620**	10.1
Ball Corp	15.3	**508**	14.7	10.3	**576**	8.7
Warnaco	15.3	**508**	19.1	10.5	**546**	13.7
Wells Fargo	15.2	**510**	13.8	11.7	**449**	10.6
Amer Hospital Supply	15.2	**511**	14.5	12.8	**371**	12.6
R R Donnelley & Sons	15.2	**511**	14.7	13.5	**323**	12.9

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

Who's where in profitability

	Return on equity			Return on capital				Return on equity			Return on capital		
Company	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months	Company	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
TECO Energy	15.2%	**513**	16.9%	6.8%	**843**	7.3%	**Pittsburgh National**	14.3%	**577**	14.8%	13.4%	**332**	13.6%
First Bank System	15.1	**514**	13.9	12.5	**404**	11.3	**Timken**	14.2	**578**	12.7	13.2	**341**	11.8
Alleghany	15.1	**515**	17.4	13.2	**343**	11.9	**Waldbaum**	14.2	**578**	13.6	9.7	**636**	8.9
Westvaco	15.1	**515**	16.0	10.3	**577**	11.0	**PPG Industries**	14.2	**580**	15.5	10.6	**541**	11.4
Honeywell	15.1	**517**	15.1	11.7	**449**	11.6	**Indianapolis Pwr & Lt**	14.2	**581**	11.9	6.9	**836**	6.2
Flickinger	15.1	**518**	16.3	12.5	**400**	12.9	**Public Service Indiana**	14.2	**581**	12.2	7.2	**815**	6.2
Deere	15.0	**519**	10.8	11.9	**434**	8.8	**Southern Railway**	14.2	**583**	15.6	8.0	**758**	8.8
Westinghouse Electric	15.0	**520**	17.4	12.8	**379**	15.4	**Thriftimart**	14.2	**583**	13.0	11.8	**445**	11.1
Ruddick	15.0	**521**	15.1	10.1	**592**	9.6	**First Natl Supermkts**	14.2	**585**	13.2	10.2	**578**	8.6
Campbell Soup	15.0	**522**	13.6	13.6	**318**	11.7	**Colgate-Palmolive**	14.1	**586**	13.2	12.2	**424**	10.8
J P Morgan	15.0	**522**	13.5	12.8	**379**	12.1	**Brooklyn Union Gas**	14.1	**587**	15.5	8.2	**742**	9.3
Rexnord	15.0	**524**	9.9	12.2	**416**	7.5	**Intl Multifoods**	14.1	**587**	15.0	10.4	**559**	10.2
Giant Food	15.0	**525**	9.2	9.7	**638**	6.5	**Knudsen**	14.1	**589**	17.1	8.6	**714**	9.8
Louisiana-Pacific	15.0	**526**	4.7	9.9	**620**	3.6	**Houston Industries**	14.1	**590**	13.6	7.6	**794**	7.2
Fieldcrest Mills	14.9	**527**	8.8	10.8	**525**	7.0	**Liquid Air**	14.1	**591**	13.2	10.3	**574**	9.3
McCormick	14.9	**527**	15.6	11.3	**488**	10.7	**Allied Maintenance**	14.1	**592**	16.4	13.7	**311**	15.9
Ingersoll-Rand	14.9	**529**	15.1	11.1	**502**	10.2	**Foxboro**	14.1	**592**	11.7	12.8	**370**	10.9
Eaton	14.9	**530**	8.1	10.1	**597**	7.0	**Wachovia**	14.1	**592**	14.7	13.4	**333**	14.4
North Amer Philips	14.9	**531**	16.4	10.2	**579**	10.7	**Avery International**	14.1	**595**	12.7	10.3	**570**	9.8
Maryland Cup	14.9	**532**	15.5	10.5	**552**	11.1	**Girard**	14.0	**596**	14.8	10.7	**537**	11.9
Arvin Industries	14.9	**533**	10.6	9.7	**633**	7.9	**Seagram**	14.0	**597**	25.0	10.7	**539**	18.4
Corning Glass Works	14.9	**533**	13.1	12.6	**397**	11.1	**Texas Utilities**	14.0	**598**	16.2	7.7	**783**	8.3
Rainier Bancorp	14.9	**533**	14.0	13.2	**343**	12.3	**Figgie International**	14.0	**599**	15.3	8.0	**758**	8.6
Mercantile Stores	14.8	**536**	15.8	11.7	**449**	12.3	**Squibb**	14.0	**599**	11.5	10.9	**514**	9.2
Lone Star Industries	14.8	**537**	11.8	9.9	**609**	7.8	**Union Pacific**	14.0	**599**	13.7	9.2	**678**	8.5
Purex Industries	14.8	**538**	14.1	11.3	**490**	11.4	**Sperry**	14.0	**602**	9.4	10.4	**558**	6.8
Mercantile Bancorp	14.7	**539**	14.6	11.5	**472**	11.6	**Modern Merchandising**	14.0	**603**	5.6	9.3	**669**	5.0
Wetterau	14.7	**539**	8.1	11.5	**465**	6.2	**Potlatch**	14.0	**603**	6.9	9.9	**625**	5.3
Federated Dept Stores	14.7	**541**	13.7	12.4	**409**	10.8	**Champion Intl**	14.0	**605**	8.0	8.7	**711**	5.9
Bankers Trust N Y	14.7	**542**	17.2	11.6	**463**	13.8	**Norton Simon**	14.0	**605**	11.3	9.4	**661**	7.5
Gt Northern Nekoosa	14.7	**543**	13.6	10.5	**553**	9.7	**Kerr-McGee**	14.0	**607**	14.6	9.9	**612**	9.3
Copperweld	14.7	**544**	21.8	10.8	**523**	15.5	**Easco**	13.9	**608**	16.9	9.6	**645**	11.0
Interco	14.7	**544**	14.0	13.0	**358**	11.3	**Cities Service**	13.9	**609**	12.9	9.7	**631**	8.8
Masonite	14.6	**546**	10.2	12.7	**389**	9.0	**Thrifty Corp**	13.9	**609**	16.4	10.4	**564**	12.5
Signode	14.6	**546**	10.2	12.3	**414**	8.6	**Continental Group**	13.9	**611**	17.4	9.9	**620**	11.0
Eagle-Picher Inds	14.6	**548**	10.2	11.5	**469**	7.6	**Cummins Engine**	13.9	**611**	20.5	10.1	**585**	13.4
Peoples Energy	14.6	**548**	13.7	8.1	**753**	8.2	**Greyhound**	13.9	**611**	16.2	10.1	**593**	11.7
Coastal Corp	14.6	**550**	def	7.9	**773**	3.7	**May Dept Stores**	13.9	**611**	13.8	9.4	**660**	9.2
Becton, Dickinson	14.6	**551**	14.9	12.4	**407**	13.1	**Godfrey**	13.9	**615**	11.8	9.4	**665**	7.5
Central & South West	14.6	**551**	14.8	7.4	**799**	7.4	**North American Coal**	13.9	**616**	4.5	6.5	**868**	3.7
General Dynamics	14.6	**551**	14.4	11.3	**492**	10.1	**Gould**	13.9	**617**	9.9	10.5	**548**	8.1
Penn Traffic	14.6	**554**	11.1	11.6	**458**	8.5	**National Gypsum**	13.9	**617**	9.2	10.5	**547**	7.2
RCA	14.6	**554**	0.1	10.8	**529**	3.8	**Union Carbide**	13.9	**617**	13.7	9.8	**627**	9.8
American Greetings	14.6	**556**	13.5	10.9	**512**	9.6	**Borg-Warner**	13.8	**620**	13.4	12.6	**398**	12.1
Newmont Mining	14.6	**556**	11.6	10.4	**562**	9.0	**Jefferson-Pilot**	13.8	**620**	12.7	13.7	**311**	12.6
Zale	14.6	**556**	15.9	12.8	**371**	14.5	**Norfolk & Western Ry**	13.8	**622**	17.5	8.5	**724**	11.7
Continental Corp	14.6	**559**	7.7	13.5	**324**	7.5	**Pacific Lighting**	13.8	**623**	17.7	7.7	**782**	9.8
Fischbach	14.6	**559**	16.9	11.5	**466**	13.6	**Amer Natl Resources**	13.8	**624**	14.5	7.3	**810**	7.1
National City	14.5	**561**	10.4	14.9	**245**	9.4	**Bergen Brunswig**	13.8	**624**	21.2	11.1	**504**	17.4
NCNB	14.5	**561**	14.2	10.4	**565**	10.8	**AMAX**	13.8	**626**	11.4	10.5	**555**	8.6
Ferro	14.5	**563**	9.2	12.8	**378**	7.8	**Alexander & Baldwin**	13.7	**627**	10.8	9.9	**620**	7.6
Ampco-Pittsburgh	14.5	**564**	15.8	12.8	**371**	13.4	**Consol Natural Gas**	13.7	**628**	15.2	8.1	**750**	8.8
Ex-Cell-O	14.5	**564**	14.6	13.2	**347**	12.3	**Super Food Services**	13.7	**629**	8.2	9.6	**648**	7.8
Barnett Banks Fla	14.5	**566**	15.9	11.8	**439**	13.4	**Walter E Heller Intl**	13.7	**630**	12.9	7.3	**805**	7.1
Culbro	14.5	**566**	81.6	9.3	**672**	37.7	**Riegel Textile**	13.7	**631**	13.0	10.0	**600**	9.5
Levitz Furniture	14.5	**568**	9.7	9.6	**647**	7.1	**Arizona Public Service**	13.7	**632**	13.9	7.9	**769**	7.8
Irving Bank	14.5	**569**	16.8	11.2	**496**	13.0	**Capital Holding**	13.7	**632**	13.7	13.5	**326**	13.6
General Tel & Elec	14.4	**570**	14.3	7.1	**824**	6.7	**Jewel Companies**	13.7	**632**	18.8	8.7	**712**	10.5
Manufacturers Hanover	14.4	**571**	14.1	11.3	**481**	11.2	**Acme-Cleveland**	13.7	**635**	9.1	10.4	**559**	7.4
International Paper	14.4	**572**	11.9	10.0	**601**	8.8	**Gulf Oil**	13.5	**636**	12.8	11.2	**495**	10.4
NVF	14.4	**573**	11.6	11.9	**433**	8.1	**Carson Pirie Scott**	13.5	**637**	15.9	8.6	**720**	7.5
Harcourt Brace Jovan	14.3	**574**	13.5	10.2	**584**	9.4	**Wisconsin Public Svc**	13.5	**637**	12.8	6.9	**838**	6.0
Continental Tel	14.3	**575**	14.5	7.1	**826**	7.0	**FMC**	13.5	**639**	9.8	9.8	**629**	7.6
Citicorp	14.3	**576**	10.6	9.8	**628**	7.1	**Quaker State Oil**	13.5	**640**	11.4	9.2	**678**	8.2

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

Who's where in profitability

	Return on equity			Return on capital				Return on equity			Return on capital		
Company	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months	Company	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
Arcata	13.4%	641	10.3%	9.5%	654	6.4%	Amfac	12.7%	705	12.8%	8.0%	761	8.1%
Chemical New York	13.4	641	16.5	9.9	619	12.0	Chase Manhattan	12.7	706	14.1	9.4	661	9.7
Commonwealth Energy	13.4	643	10.7	6.7	855	5.6	Florida Power & Lt	12.7	706	10.3	6.4	879	5.3
First Union Bancorp	13.4	643	13.7	12.2	418	12.9	Revere Copper	12.6	708	9.5	6.9	837	6.9
Fruehauf	13.4	645	6.7	8.6	721	5.2	Amer Hoist & Derrick	12.6	709	11.0	9.2	681	8.4
Clark Equipment	13.4	646	7.9	10.5	553	6.8	Champion Spark Plug	12.6	710	6.5	11.8	448	6.5
Columbia Gas System	13.4	646	14.2	7.3	807	8.1	Cleveland Elec Illum	12.6	710	12.5	7.2	817	7.1
Long Island Lighting	13.4	646	13.8	8.1	756	9.0	St Regis Paper	12.6	710	12.8	9.1	689	8.9
New England Electric	13.4	646	14.6	6.5	866	6.8	National Tea	12.6	713	9.2	8.5	725	6.5
KDT Industries	13.4	650	1.6	9.9	616	1.7	ACF Industries	12.6	714	8.0	7.1	820	5.1
Maryland National	13.4	651	15.0	11.0	508	12.1	Allied Corp	12.6	714	20.6	8.2	742	12.6
Safeway Stores	13.4	651	10.2	8.6	716	6.9	Peavey	12.6	714	14.8	9.4	665	10.6
Trane	13.4	651	13.2	10.8	531	10.0	Walt Disney	12.6	717	11.2	11.4	479	10.4
Textron	13.3	654	7.7	11.1	506	6.7	Imperial Corp of Am	12.5	718	def	11.1	506	0.9
Duke Power	13.3	655	13.9	7.1	822	7.2	Bank of New York	12.5	719	12.7	11.3	489	12.0
Allen Group	13.3	656	11.4	9.4	667	8.4	Federal Paper Board	12.5	720	15.6	7.6	795	8.6
Southeast Banking	13.3	656	15.2	10.0	606	11.5	So New England Tel	12.5	721	16.2	7.0	830	8.1
American Natl Ins	13.2	658	10.9	13.2	343	10.8	Anchor Hocking	12.5	722	10.1	9.6	643	8.0
McGraw-Edison	13.2	658	11.8	12.2	418	9.5	Gulf States Utils	12.5	722	14.3	6.4	876	7.3
Savannah Foods	13.2	660	43.8	9.0	691	26.0	Middle South Utils	12.5	724	13.5	6.5	865	7.2
Mattel	13.2	661	def	13.5	326	2.6	Berkshire Hathaway	12.4	725	9.7	10.9	521	9.3
Frederick & Herrud	13.2	662	1.3	9.5	656	3.1	NBD Bancorp	12.4	726	10.6	11.2	498	9.7
A H Robins	13.2	662	9.9	11.4	476	9.4	Dorsey	12.4	727	10.0	8.6	719	7.8
G D Searle	13.2	664	15.6	10.4	565	13.4	Magic Chef	12.4	727	13.6	10.9	521	9.4
Laclede Gas	13.2	665	11.1	7.3	811	6.7	Penn Power & Light	12.4	729	12.3	6.8	841	6.3
Celanese	13.1	666	13.3	8.9	703	9.4	Northwestern Steel	12.3	730	10.8	12.2	421	10.6
Saga	13.1	666	18.3	10.5	550	11.6	Carolina Pwr & Lt	12.3	731	13.7	6.5	866	6.8
Reynolds Metals	13.1	668	10.8	7.7	784	6.8	National Distillers	12.3	731	12.6	9.9	616	10.0
Holiday Inns	13.1	669	16.8	9.9	609	11.8	N Y State Elec & Gas	12.3	731	12.1	7.1	827	7.0
American Tel & Tel	13.1	670	13.0	7.5	797	7.5	ARA Services	12.3	734	9.5	9.4	658	7.3
Lincoln National	13.1	671	10.7	11.6	464	9.0	Southwest Forest Inds	12.3	734	5.6	8.5	725	5.7
Florida Power	13.1	672	14.6	6.3	880	6.6	Royal Crown Cos	12.3	736	11.5	10.1	589	8.6
Armco	13.1	673	14.1	9.8	630	10.6	Amerace	12.3	737	9.9	7.7	780	6.7
Hartfield-Zodys	13.1	673	5.4	7.0	832	4.5	Amstar	12.3	738	25.3	9.2	675	18.8
Kansas Power & Light	13.0	675	13.2	6.8	840	6.8	Allegheny Int'l	12.3	739	10.6	7.4	801	7.4
Federal Co	13.0	676	9.5	11.6	462	8.6	Stop & Shop	12.2	740	11.4	7.6	787	8.1
No States Power	13.0	676	13.7	6.4	875	6.5	Tiger International	12.2	740	5.3	5.9	906	3.9
Wisconsin Pwr & Lt	13.0	678	14.6	6.7	848	7.0	Interpace	12.2	742	9.6	8.3	738	7.6
Commercial Metals	13.0	679	11.3	10.4	561	9.4	Pacific Pwr & Lt	12.2	742	13.4	6.8	842	7.0
Hercules	13.0	679	12.2	10.0	607	9.3	Longview Fibre	12.2	744	2.7	11.0	510	2.5
First Natl Boston	13.0	681	14.9	9.2	674	10.7	UMC Industries	12.1	745	10.3	10.1	590	7.3
Pennwalt	13.0	682	9.0	9.3	669	6.9	Rose's Stores	12.1	746	11.0	10.9	515	9.8
Stewart-Warner	13.0	682	9.6	12.8	381	9.4	Kaiser Steel	12.1	747	9.5	8.3	737	7.4
DETROITBANK	13.0	684	10.4	12.2	416	9.8	So Carolina E & G	12.1	748	13.2	6.2	887	6.4
Koppers	13.0	685	6.8	10.0	604	5.6	General Motors	12.1	749	1.7	11.1	500	1.9
Liberty Natl Ins Hld	13.0	685	13.2	12.9	369	13.2	Mellon National	12.1	750	12.1	10.4	557	10.4
Household Intl	12.9	687	7.4	6.4	876	4.6	Anderson, Clayton	12.0	751	12.3	11.4	476	12.3
National Can	12.9	687	10.8	9.2	676	7.9	Southern Calif Edison	12.0	751	13.3	7.2	814	7.9
Allied Stores	12.9	689	11.3	9.1	682	7.9	Warner-Lambert	12.0	753	0.7	9.3	669	1.5
McDonnell Douglas	12.9	690	11.9	12.6	393	11.8	J C Penney	12.0	754	12.9	9.9	614	9.3
Penn Central	12.9	691	12.7	9.1	686	8.9	Carter Hawley Hale	11.9	755	9.0	7.6	791	5.6
UGI	12.9	691	15.6	7.7	778	8.8	Gt Western Financial	11.9	756	1.3	11.1	501	2.3
Boise Cascade	12.9	693	9.4	9.4	663	6.4	Lane Bryant	11.9	756	11.9	10.1	585	10.0
Washington National	12.9	694	13.1	11.3	482	11.8	Consumers Power	11.9	758	12.6	6.2	889	6.2
DeSoto	12.9	695	12.4	10.3	572	10.2	Union Electric	11.9	759	11.3	6.2	886	5.7
Cincinnati G & E	12.8	696	11.3	7.0	832	6.5	Philadelphia Natl	11.8	760	10.6	9.3	673	8.7
Dibrell Brothers	12.8	696	14.7	10.8	526	11.2	Atlanta Gas Light	11.8	761	9.0	6.6	861	5.6
Sunbeam	12.8	698	11.2	10.3	574	8.7	WICOR	11.8	761	10.0	**		**
Illinois Power	12.8	699	12.9	6.8	839	6.9	F W Woolworth	11.8	763	8.7	8.5	729	6.9
Dayco	12.8	700	4.8	7.0	829	4.0	Central Ill Pub Svc	11.8	764	11.0	6.4	872	5.8
Rohm & Haas	12.8	700	12.9	9.7	633	10.1	West Point-Pepperell	11.8	764	12.1	9.5	653	9.8
Borden	12.8	702	12.4	9.7	638	9.1	Consolidated Edison	11.8	766	13.5	6.6	857	7.5
Jim Walter	12.8	703	2.7	8.2	744	3.2	Hammermill Paper	11.8	766	13.4	7.7	781	8.7
American Cyanamid	12.7	704	12.5	9.7	632	9.6	Wisconsin Elec Power	11.8	766	11.3	6.6	864	5.9

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
**Not available; not ranked. def: deficit.

Who's where in profitability

Company	Return on equity			Return on capital		
	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
BanCal Tri-State	11.7%	**769**	6.0%	9.0%	**698**	5.3%
Baltimore Gas & Elec	11.7	**770**	12.4	6.7	**852**	6.8
First Wisconsin	11.7	**771**	13.3	9.4	**667**	11.1
H K Porter	11.7	**772**	3.5	9.1	**687**	5.0
Potomac Elec Power	11.7	**772**	12.4	6.7	**852**	6.7
Dravo	11.6	**774**	7.1	10.4	**565**	6.9
Allegheny Power	11.6	**775**	13.9	6.3	**885**	7.3
Owens-Illinois	11.6	**776**	12.6	8.0	**763**	8.4
Santa Fe Industries	11.6	**777**	12.6	8.0	**763**	8.5
First Boston	11.6	**778**	14.1	11.8	**443**	14.6
Niagara Mohawk Power	11.6	**778**	13.2	6.7	**846**	7.5
Hanna Mining	11.6	**780**	12.5	10.3	**570**	10.9
Pacific Gas & Elec	11.6	**781**	11.4	7.4	**800**	7.4
H F Ahmanson	11.6	**782**	def	10.0	**607**	0.9
SCM	11.5	**783**	10.1	8.6	**716**	7.8
Bemis	11.5	**784**	9.8	8.2	**747**	7.3
Manufacturers National	11.5	**784**	2.5	9.9	**615**	2.7
Toledo Edison	11.5	**786**	11.3	7.0	**835**	7.3
AMF	11.4	**787**	3.7	8.3	**734**	3.6
Scott Paper	11.4	**788**	10.3	8.5	**722**	8.0
McDermott	11.4	**789**	13.3	8.9	**701**	8.6
Utah Power & Light	11.4	**790**	13.7	7.1	**824**	7.9
Pub Svc Elec & Gas	11.3	**791**	10.2	6.3	**883**	5.9
National Fuel Gas	11.3	**792**	14.0	7.2	**813**	8.3
Fleetwood Enterprises	11.3	**793**	6.5	11.3	**482**	6.4
NLT	11.3	**794**	10.9	11.0	**511**	10.5
Roper Corp	11.3	**795**	9.7	8.1	**750**	7.5
Zayre	11.3	**796**	13.5	7.5	**796**	8.9
Pac Gamble Robinson	11.3	**797**	10.1	8.8	**707**	7.4
AmeriTrust	11.2	**798**	10.3	11.2	**493**	10.3
Boston Edison	11.2	**798**	15.7	5.5	**917**	6.2
Kaufman & Broad	11.2	**798**	6.7	8.5	**728**	5.2
GATX	11.2	**801**	12.9	5.1	**935**	5.6
Montana Power	11.2	**801**	13.9	6.7	**851**	8.0
Delmarva Power & Lt	11.2	**803**	10.5	6.6	**859**	6.3
San Diego Gas & Elec	11.2	**803**	14.1	7.4	**801**	8.5
Louisville Gas & Elec	11.2	**805**	14.1	6.0	**897**	6.6
Pueblo International	11.1	**806**	7.3	7.7	**784**	6.4
Cyclops	11.0	**807**	16.2	8.2	**740**	11.7
Collins & Aikman	11.0	**808**	9.4	9.1	**683**	7.3
Northern Trust	11.0	**808**	11.6	9.7	**633**	10.9
Rochester Gas & Elec	11.0	**808**	12.9	6.6	**857**	7.4
American Elec Power	11.0	**811**	10.6	6.6	**861**	6.2
Intl Tel & Tel	11.0	**811**	9.2	8.9	**702**	8.2
American Can	10.9	**813**	7.2	7.6	**789**	5.0
Crown Zellerbach	10.9	**813**	6.5	7.9	**769**	5.0
Sybron	10.9	**813**	9.4	8.8	**708**	7.5
Equitable of Iowa	10.9	**816**	8.6	9.7	**638**	7.3
Oklahoma Gas & Elec	10.9	**817**	10.9	6.0	**897**	6.0
Strawbridge & Clothier	10.8	**818**	10.6	8.3	**734**	8.2
Southern Company	10.8	**819**	11.6	5.5	**921**	5.7
Dayton Power & Light	10.8	**820**	13.8	6.8	**843**	7.7
Skyline	10.8	**821**	5.9	10.7	**534**	5.8
Williams Companies	10.8	**822**	14.2	6.7	**846**	8.4
Monsanto	10.8	**823**	10.8	7.9	**772**	7.6
Genl Tire & Rubber	10.8	**824**	12.9	8.3	**736**	9.8
Grumman	10.8	**824**	7.8	8.4	**733**	6.0
Hawaiian Electric	10.7	**826**	10.3	6.0	**894**	6.0
Zapata	10.7	**827**	24.2	6.6	**863**	11.9
ASARCO	10.7	**828**	4.2	8.7	**710**	3.9
Eastern Gas & Fuel	10.7	**829**	12.0	6.6	**859**	7.2
Central Illinois Lt	10.7	**830**	12.1	5.5	**922**	5.5
Wickes Companies	10.7	**830**	3.4	8.4	**731**	4.9
Research-Cottrell	10.7	**832**	10.3	10.0	**598**	8.6
Sears Roebuck	10.6%	**833**	6.6%	9.0%	**693**	5.9%
IC Industries	10.6	**834**	11.0	6.5	**869**	6.4
Del E Webb	10.5	**835**	9.2	9.2	**676**	3.0
Allied Van Lines	10.5	**836**	19.0	7.9	**773**	12.7
Nationwide	10.4	**837**	8.2	10.6	**543**	8.5
Diamond Intl	10.4	**838**	6.8	9.0	**693**	5.9
Manville	10.4	**838**	3.5	8.2	**741**	4.4
Dillard Dept Stores	10.4	**840**	13.4	6.8	**843**	7.9
Gas Service	10.4	**840**	8.5	6.2	**891**	5.6
Brunswick	10.4	**842**	12.6	8.1	**756**	9.0
Detroit Edison	10.3	**843**	11.9	5.8	**910**	6.0
Commonwealth Edison	10.3	**844**	11.7	5.8	**907**	6.2
Adolph Coors	10.3	**845**	6.2	9.6	**646**	5.8
Di Giorgio	10.3	**845**	9.2	7.4	**801**	6.3
Armstrong World Inds	10.2	**847**	9.8	8.5	**727**	8.5
Kerr Glass Mfg	10.2	**848**	9.8	7.9	**771**	7.2
Ohio Edison	10.2	**848**	11.3	6.1	**892**	5.8
Phila Electric	10.2	**848**	11.4	5.8	**908**	6.2
Allis-Chalmers	10.2	**851**	2.9	8.3	**738**	3.9
Kansas City Pwr & Lt	10.2	**852**	10.0	5.4	**925**	4.7
Central Soya	10.2	**853**	6.7	8.1	**753**	6.0
Dynalectron	10.2	**854**	20.9	8.6	**718**	16.3
PennCorp Financial	10.1	**855**	2.5	9.5	**651**	3.6
Robertshaw Controls	10.1	**856**	9.2	8.2	**748**	7.8
Libbey-Owens-Ford	10.1	**857**	1.8	9.0	**693**	3.0
Hart Schaffner & Marx	10.0	**858**	11.1	8.8	**706**	9.9
Amer Maize-Products	10.0	**859**	11.4	7.8	**776**	8.0
Public Service Colo	10.0	**859**	12.7	5.9	**902**	6.9
Burroughs	10.0	**861**	0.8	8.9	**699**	1.1
Castle & Cooke	10.0	**862**	7.0	7.6	**788**	6.1
Va Electric & Power	9.9	**863**	10.0	6.2	**890**	6.1
Cluett, Peabody	9.9	**864**	10.1	8.4	**731**	8.0
First Charter Finl	9.9	**865**	def	9.5	**654**	0.4
Ceco	9.9	**866**	12.2	8.2	**745**	9.9
Northeast Utilities	9.9	**866**	10.0	5.7	**912**	5.9
Control Data	9.8	**868**	10.6	8.1	**750**	9.4
Hoover	9.8	**869**	def	7.9	**767**	def
Paine Webber	9.7	**870**	9.0	8.7	**713**	7.5
Dan River	9.7	**871**	7.5	7.0	**832**	5.6
Duquesne Light	9.7	**872**	11.2	5.8	**909**	6.0
Toro	9.6	**873**	def	9.5	**650**	def
No Indiana Pub Svc	9.6	**874**	9.8	5.4	**923**	5.5
Goodyear	9.6	**875**	9.2	7.5	**798**	7.5
First Chicago	9.5	**876**	7.7	7.9	**765**	6.9
Memorex	9.5	**877**	def	8.2	**749**	def
BancOhio	9.4	**878**	11.4	8.8	**705**	11.0
Washington Gas Light	9.4	**879**	10.3	5.7	**912**	6.2
Brockway Glass	9.3	**880**	8.3	7.4	**804**	6.0
Harris Bankcorp	9.3	**880**	7.5	8.5	**722**	7.5
Beneficial Corp	9.3	**882**	def	5.7	**915**	3.7
CSX	9.3	**883**	11.3	**		7.4
Perini	9.3	**883**	16.9	7.2	**812**	12.8
A O Smith	9.2	**885**	6.5	7.3	**805**	5.4
Polaroid	9.2	**886**	6.3	9.1	**683**	5.7
CFS Continental	9.2	**887**	13.5	7.0	**828**	9.2
Citizens & Sthrn Ga	9.2	**887**	16.4	8.6	**715**	15.4
Cannon Mills	9.1	**889**	10.0	9.0	**691**	9.7
Kellwood	9.0	**890**	4.1	7.2	**816**	4.4
UAL	9.0	**891**	2.6	4.6	**947**	2.8
Associated Dry Goods	9.0	**892**	9.4	7.6	**791**	8.1
Olin	8.9	**893**	6.9	7.1	**822**	5.4
National-Standard	8.8	**894**	1.0	7.0	**831**	1.3
Playboy Enterprises	8.8	**895**	10.6	7.9	**767**	9.3
Portland Genl Elec	8.7	**896**	12.9	5.9	**900**	6.8

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

**Not available; not ranked. def: deficit.

Who's where in profitability

Company	Return on equity			Return on capital		
	5-year average*	rank	latest 12 months	5-year average*	rank	latest 12 months
Pittston	8.6%	897	4.9%	7.3%	807	3.9%
Gino's	8.6	898	5.1	6.6	856	6.1
Interlake	8.6	899	16.1	7.3	809	12.1
Harnischfeger	8.5	900	16.3	6.4	873	10.7
Inland Steel	8.4	901	7.0	6.1	893	4.6
Burlington Northern	8.4	902	10.5	5.9	903	6.9
Burlington Inds	8.4	903	10.4	6.7	849	7.9
Certain-teed	8.3	904	def	7.1	820	0.9
King Kullen Grocery	8.3	904	8.2	7.9	775	7.9
Donaldson, Lufkin	8.3	906	15.5	7.6	793	13.6
Stokely-Van Camp	8.2	907	8.3	6.5	869	6.6
Kentucky Utilities	8.2	908	8.6	5.3	927	5.7
B F Goodrich	8.0	909	7.5	6.7	854	6.3
Trans World	8.0	910	6.4	5.0	938	5.3
McLean Trucking	8.0	911	def	7.2	819	1.6
Fedl Natl Mortgage	7.9	912	def	4.3	952	3.9
Sheller-Globe	7.6	913	17.5	5.9	905	9.8
Arden Group	7.6	914	10.0	5.5	917	6.9
Marine Midland Banks	7.6	915	9.8	6.4	878	8.3
Marshall Field	7.6	916	8.5	6.3	882	6.2
Lukens Steel	7.6	917	8.1	6.4	871	6.7
Chic Pneumatic Tool	7.5	918	3.7	7.7	778	4.5
Reichhold Chemicals	7.5	919	9.8	6.2	888	7.2
Republic Steel	7.4	920	13.6	5.5	920	9.0
Outboard Marine	7.4	921	9.6	6.4	873	7.7
Southern Pacific	7.4	922	7.8	5.2	932	5.2
Pettibone	7.3	923	def	6.7	849	2.1
Singer	6.9	924	15.2	5.7	916	8.7
Northwest Airlines	6.9	925	2.3	4.9	940	2.1
National Steel	6.9	926	5.9	5.0	939	3.9
Graniteville	6.8	927	3.6	5.9	900	3.6
Manhattan Industries	6.7	928	17.2	6.3	884	9.8
Phelps Dodge	6.6	929	7.9	5.1	934	5.8
Olympia Brewing	6.6	930	0.8	5.9	899	1.5
Gibraltar Financial	6.5	931	def	8.9	700	def
General Public Utils	6.4	932	1.5	4.8	941	3.2
Springs Mills	6.4	933	5.2	5.7	912	5.0
El Paso	6.4	934	27.6	4.0	961	9.1
Inco	6.4	935	2.8	4.6	948	3.6
Varian Associates	6.3	936	def	5.9	904	0.6
United States Steel	6.3	937	21.9	5.2	931	15.2
G C Murphy	6.2	938	7.9	5.2	928	6.3
Western Air Lines	6.2	938	def	4.8	945	def
Zenith Radio	6.1	940	7.0	5.5	917	5.6
Phillips-Van Heusen	6.0	941	8.6	5.2	928	7.5
Avondale Mills	6.0	942	4.4	5.8	911	4.2
American Bakeries	5.9	943	def	5.3	926	0.7
Fisher Foods	5.8	944	11.5	4.8	944	7.1
Armstrong Rubber	5.8	945	14.3	5.2	930	10.6
Foodarama Supermkts	5.6	946	3.1	6.0	896	3.7
Ford Motor	5.5	947	def	5.1	933	def
Sherwin-Williams	5.4	948	12.5	4.2	955	8.2
Bird & Son	5.3	949	def	6.0	895	def
Edward Hines Lumber	5.3	949	def	5.4	924	def
J P Stevens	5.0	951	def	4.8	946	def
Fidelcor	5.0	952	14.0	4.8	943	11.7
Shopwell	5.0	953	5.2	4.4	951	4.6
Western Union	4.9	954	7.5	5.0	937	6.0
Akzona	4.8	955	4.6	4.0	961	3.8
Saxon Industries	4.7	956	2.6	4.5	950	3.8
Ramada Inns	4.5	957	def	4.0	959	def
Kane-Miller	4.3	958	7.0	4.6	948	6.2
Pabst Brewing	4.1	959	def	3.8	964	0.2
Bell & Howell	4.1	960	8.1	3.8	965	6.9
Intl Harvester	4.1%	961	def	4.2%	953	0.1%
Cook United	4.1	962	3.0%	4.1	957	3.7
American Airlines	4.0	963	def	3.9	962	0.7
Eastern Air Lines	4.0	963	def	4.2	954	0.4
Interstate Bakeries	4.0	965	def	4.8	941	def
Wheeling-Pitts Steel	3.9	966	4.6	3.6	968	3.6
Mohasco	3.9	967	4.0	4.1	956	4.5
Bethlehem Steel	3.8	968	9.0	3.8	965	7.4
U S Industries	3.5	969	def	3.9	963	def
United Brands	3.3	970	1.9	3.5	969	2.6
M Lowenstein	3.1	971	10.6	4.1	958	8.8
Republic Airlines	2.6	972	def	6.3	881	def
Telecom	2.4	973	def	5.1	935	def
Munford	2.1	974	10.5	3.6	967	6.8
Scot Lad Foods	1.9	975	11.8	1.9	980	8.2
Macmillan	1.7	976	3.9	2.4	975	4.1
Allied Products	1.3	977	0.3	2.7	972	2.2
Questor	1.3	978	1.1	2.5	974	2.6
Alexander's	1.2	979	def	2.3	976	def
Firestone	0.4	980	7.0	1.8	982	6.3
Westmoreland Coal	0.3	981	def	1.8	981	def
Keystone Consolidated	0.3	982	5.2	1.6	983	4.7
General Host	def	983	def	3.0	970	def
Borman's	def	984	def	1.9	979	def
Monfort of Colorado	def	985	43.4	0.7	986	22.7
Jos Schlitz Brewing	def	986	def	0.7	987	def
Gulf Resources & Chem	def	987	def	2.9	971	def
Continental Airlines	def	988	def	2.1	978	def
Talley Industries	def	989	def	2.6	973	def
Uniroyal	def	990	8.0	1.3	985	6.1
Vornado	def	991	def	0.2	990	def
General Refractories	def	992	def	0.4	988	def
Jonathan Logan	def	993	def	def	995	def
Cal-Maine Foods	def	994	def	1.6	984	def
Great Atl & Pac Tea	def	995	def	def	994	def
AM International	def	996	def	def	998	def
Commonwealth Oil Rfg	def	997	def	def	991	def
First Pennsylvania	def	998	def	def	992	def
American Motors	def	999	def	def	1005	def
Envirotech	def	1000	def	def	1003	def
Wilson Foods	def	1001	def	def	997	def
Genesco	def	1002	17.8	def	996	7.5
McLouth Steel	def	1003	def	def	999	def
GAF	def	1004	16.6	def	1000	8.3
United Merch & Mfrs	def	1005	0.3	def	1004	1.4
Seatrain Lines	def	1006	NE	2.3	976	**
Sambo's Restaurants	def	1007	def	0.3	989	def
Penn-Dixie Inds	def	1008	def	def	1009	def
Chrysler	def	1009	def	def	1008	def
Massey-Ferguson	def	1010	def	def	1006	def
Braniff Intl	def	1011	def	def	993	def
Goldblatt Brothers	def	1012	def	def	1010	def
Pantry Pride	def	1013	def	def	1002	def
Rath Packing	def	1014	def	def	1007	def
Allied Supermarkets	def	1015	NE	def	1001	19.4
Bruno's	**		37.7	**		21.7
Centl Louisiana Engy	**		42.0	**		24.0
Dillingham	**		**	**		**
Fuqua Industries	**		5.7	**		6.5
LTV	**		45.3	**		19.4
Peabody Intl	**		def	**		def
Richardson-Vicks	**		18.4	**		18.6
Swift Independent	**		26.1	**		11.2

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.

**Not available; not ranked. def: deficit. NE: negative equity.

How they rank, long and short term, in earnings-per-share and sales growth—and, most importantly, who's staying ahead of inflation.

Who's where in growth

"LIES, DAMNED LIES AND STATISTICS," runs the old saying, and nothing shows the truth of it more than some of the items you will run into in the tables on the following pages. These tables track the record of 1,023 company managements in achieving sales and earnings growth. Start reading, and right off the bat you run into a puzzler—Trans World Corp.'s leading all the rest in earnings-per-share growth. Trans World? Yes, because . . .

The numbers are right as far as they go, but they may not show the whole picture in each case. In our calculations we use an average of earnings during the period 1972-76 as a base for measuring the long-term trend. So if a company had deficits in one or more of those years—Trans World had two whoppers back to back: losses of $24 million in 1974 and $86 million in 1975—the road back to normal profitability would, at first blush, look like unusually rapid earnings growth.

Trans World had been down so far for so long, that even in these difficult days for airlines, the most modest of profits made it look comparatively good in the short term. Its latest 12-month results look strong when compared with its average earnings per share in the years 1978-80.

The occasional anomaly aside, the tables in toto deliver a stern reminder that inflation continues to raise hell with reported earnings. Compare each company's earnings-per-share growth with the five-year average annual inflation rate of 7.2% (we use the Department of Commerce's "Implicit Price Deflator," as stated in the footnotes) and you discover that nearly one out of every three companies—299 of the 997 ranked—failed to keep its earnings per share even with the inflation rate. The record was better in our annual report one year ago, when 274 out of 1,012 companies failed to do so. Inflation lives.

Of the 698 companies that did keep earnings abreast of inflation, 347 showed greater sales growth than earnings growth. That doesn't necessarily mean there is something wrong, but it's a signal to look deeper for problems like dilution or price-cutting to hold market shares.

A substantial number of the companies whose earnings lagged behind the inflation rate are—no surprise—regulated electric and gas utilities. For those companies, at least, there is some evidence that the regulatory climate is easing.

Who's where in growth

	Earnings per share			Sales		
Company	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Trans World	161.8%	1	41.9%	13.9%	547	21.3%
Thriftimart	160.1	2	3.8	6.4	947	16.0
Warnaco	144.2	3	50.2	6.0	963	8.9
Savin	120.9	4	P–D	42.0	19	54.1
Litton Industries	111.2	5	146.3	6.7	942	23.7
NIKE	110.4	6	265.0	102.9	2	224.8
United Brands	102.9	7	–52.2	10.1	794	20.1
Resorts Intl	82.7	8	–97.3	42.9	16	3.3
Subaru of America	78.5	9	108.3	45.6	13	58.2
First Executive	78.1	10	91.6	80.9	3	205.4
Federal Express	74.3	11	134.1	56.9	6	133.6
U S Air	68.5	12	14.1	16.8	358	43.4
Whittaker	64.1	13	36.3	11.1	724	48.4
Bergen Brunswig	63.5	14	64.6	14.3	511	54.6
Fairchild Industries	54.9	15	37.4	26.1	99	74.6
RLC	52.9	16	–40.9	11.5	704	17.3
Kay	49.9	17	P–D	21.3	173	–2.9
SCOA Industries	48.6	18	10.5	14.1	525	16.0
Tosco	48.0	19	P–D	38.8	26	75.9
American Airlines	47.7	20	P–D	14.6	492	24.9
Centl Louisiana Engy	47.0	21	97.1	50.6	9	83.7
Wang Laboratories	46.8	22	124.2	46.0	12	164.5
Standard Oil Ohio	45.9	23	66.1	30.5	70	49.4
Boeing	45.1	24	13.7	16.8	354	31.6
Business Men's Assur	44.4	25	10.2	5.3	975	15.5
Teledyne	44.0	26	50.5	11.0	734	19.9
Computer Sciences	43.9	27	–10.5	20.6	196	33.1
Sun Chemical	42.0	28	19.7	13.5	577	25.1
ConAgra	41.8	29	44.5	11.3	709	135.2
Tandy	41.5	30	105.0	23.3	136	46.0
Mission Insurance	39.6	31	37.3	31.6	59	27.4
Cincinnati Milacron	39.6	32	–15.5	12.6	631	23.6
Best Products	39.3	33	–2.1	33.9	47	52.8
Humana	39.3	34	125.5	40.8	20	50.0
Ruddick	39.2	35	22.1	13.1	602	22.7
Evans Products	37.8	36	–67.0	6.6	944	9.3
Cabot	37.8	37	20.8	24.1	121	50.3
Bruno's	37.6	38	92.9	21.7	165	47.9
Kaufman & Broad	37.6	39	–35.9	8.3	882	5.4
Storage Technology	37.4	40	50.3	44.4	14	79.8
Marion	37.4	41	–14.6	39.1	23	38.7
Avco	37.3	42	–40.5	9.1	847	19.6
Ryder System	36.8	43	13.0	20.6	194	34.4
General Instrument	36.6	44	38.5	11.5	700	23.9
Cross & Trecker	36.4	45	59.1	19.3	240	38.0
Schlumberger	35.4	46	69.2	24.6	114	50.1
Gelco	34.9	47	78.5	50.8	8	80.3
Alcan Aluminium	34.8	48	–14.1	14.8	476	15.3
Charter	34.6	49	–90.0	31.8	57	37.4
United Energy Resources	34.3	50	57.4	34.7	45	63.3
Food Town Stores	34.3	51	50.7	31.5	62	31.5
NCR	33.8	52	–12.7	8.7	866	16.6
Mitchell Energy & Dev	33.7	53	64.7	38.7	29	87.8
Berkshire Hathaway	33.4	54	26.0	25.3	110	–0.1
Metromedia	33.1	55	44.9	13.8	553	15.5
Wal-Mart Stores	32.8	56	58.9	37.4	32	70.3
GEO International	32.8	57	145.2	30.3	71	103.2
James River Corp Va	32.7	58	44.0	56.1	7	171.7
Palm Beach	32.6	59	25.7	24.1	119	53.5
Harris Corp	32.1	60	41.9	18.5	269	51.7
Western Co No Amer	31.8	61	161.5	37.2	33	110.4
Digital Equipment	31.8	62	65.2	36.2	37	81.0
Texas Oil & Gas	31.8	63	81.1	39.7	22	72.4
Donaldson, Lufkin	31.7	64	110.0	39.0	24	61.2
Boise Cascade	31.6%	65	–18.4%	13.9%	546	12.3%
Warner Communications	31.6	66	23.4	22.4	150	67.8
U S Home	31.4	67	–32.4	20.1	215	16.9
G Heileman Brewing	31.4	68	45.6	28.2	84	49.3
Meredith	31.3	69	48.6	14.9	468	32.0
Pitney Bowes	31.3	70	–4.7	18.0	290	38.4
Nucor	31.1	71	–16.0	24.5	115	29.3
Superior Oil	31.0	72	87.4	29.3	76	75.4
Hilton Hotels	30.8	73	19.1	6.7	941	15.2
Shaklee	30.7	74	36.7	28.5	81	35.7
Worthington Inds	30.7	75	46.7	28.7	79	86.1
Big V Supermarkets	30.6	76	28.7	21.8	161	25.1
Grumman	30.5	77	–9.7	7.3	924	21.9
Waste Management	30.4	78	64.1	25.1	111	71.9
Levi Strauss	30.3	79	2.8	21.0	181	33.1
Cullum Companies	30.3	80	49.8	16.0	404	30.3
Toys "R" Us	30.2	81	32.8	26.2	98	37.8
Raychem	30.1	82	31.6	24.1	123	51.1
Service Merchandise	30.0	83	6.3	37.6	31	33.7
Dorchester Gas	30.0	84	23.4	74.1	4	83.8
Loews	29.6	85	25.2	20.1	213	16.9
Intel	29.5	86	–39.3	38.7	27	26.4
SmithKline	29.4	87	41.9	21.3	171	38.3
Bally Manufacturing	29.4	88	73.9	27.3	90	85.3
Parker Drilling	29.4	89	89.7	33.1	51	88.0
American Standard	29.1	90	6.2	8.0	903	5.8
Geosource	28.9	91	97.1	28.4	82	108.6
Penn Central	28.9	92	122.4	62.9	5	143.1
Baker International	28.8	93	98.4	33.6	48	76.6
Lear Siegler	28.8	94	17.0	15.0	459	19.1
Dillingham	28.7	95	15.5	16.7	361	41.0
Old Republic Intl	28.5	96	4.4	21.6	168	0.3
Scovill	28.2	97	–29.3	8.1	891	7.2
Data General	28.0	98	–17.6	42.2	18	43.4
Dean Foods	28.0	99	57.2	15.6	434	41.6
Phibro	27.9	100	7.1	33.4	49	59.7
Crum & Forster	27.8	101	22.1	14.3	511	11.9
Kemper	27.6	102	–1.1	22.2	154	51.5
USF&G	27.4	103	–23.8	14.9	471	6.0
Supermarkets General	27.4	104	13.1	10.3	777	19.9
Entex	27.2	105	18.6	34.9	44	46.3
Servicemaster Inds	27.1	106	44.3	24.2	118	39.1
Hanover Insurance	27.1	107	37.5	16.2	394	40.3
Natl Medical Entrprs	27.1	107	99.0	42.7	17	160.9
Natl Convenience Strs	27.0	109	45.8	18.8	256	63.0
Fuqua Industries	26.9	110	–58.2	32.5	53	–32.4
Foster Wheeler	26.9	111	20.5	13.6	565	5.9
Kelly Services	26.8	112	27.3	24.3	117	26.9
Centex	26.7	113	–26.1	21.7	162	9.6
Arcata	26.4	114	0.5	18.8	259	29.2
E F Hutton Group	26.2	115	46.8	31.0	63	68.6
General Re	26.2	116	30.6	17.5	313	39.8
Pneumo	26.2	117	67.4	15.7	427	35.7
Parsons	26.0	118	38.0	9.4	830	42.3
Hughes Tool	25.8	119	97.6	32.5	52	84.1
EG&G	25.8	120	42.1	25.3	109	30.5
Northrop	25.7	121	–47.8	14.4	504	12.4
Washington Post	25.7	122	–23.3	15.3	442	21.9
Super Valu Stores	25.6	123	30.7	16.6	365	27.2
Chic & North Western	25.6	124	139.0	12.1	667	30.5
Tektronix	25.6	125	10.1	23.8	129	37.6
Amer Medical Intl	25.4	126	38.5	23.9	128	104.3
Fluor	25.3	127	21.6	31.6	61	48.6
Pioneer	25.2	128	70.1	24.9	112	55.3

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product,* which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

	Earnings per share			Sales		
Company	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Trinity Industries	25.1%	129	72.8%	20.9%	185	49.6%
INA	25.0	130	132.4	15.8	421	12.6
Peoples Drug Stores	24.9	131	31.3	12.8	624	35.2
M/A-Com	24.9	132	92.1	35.3	42	182.9
Parker Pen	24.8	133	–29.2	29.9	74	11.5
IU International	24.8	134	–6.6	6.8	939	–4.6
Dayton-Hudson	24.7	135	–21.9	17.2	333	35.8
Ohio Casualty	24.7	136	3.7	17.9	297	10.3
Dan River	24.6	137	–22.0	6.0	961	10.8
Alcoa	24.5	138	–18.3	13.7	556	11.2
Kaiser Alum & Chem	24.4	139	–11.7	13.7	559	16.5
Hyster	24.3	140	–43.7	13.0	609	–5.4
Natomas	24.3	141	41.2	35.5	41	55.5
Raytheon	24.3	142	25.1	15.9	409	36.3
Aetna Life & Casualty	24.2	143	–9.0	15.3	444	16.3
Belco Petroleum	24.1	144	48.5	17.6	311	–28.5
American Intl Group	24.0	145	38.3	22.4	149	26.8
Atlantic Richfield	24.0	146	30.8	23.8	131	59.4
Cooper Industries	23.9	147	38.7	30.7	64	110.4
Crown Central Petroleum	23.9	148	P–D	22.6	148	39.8
Hospital Corp of Am	23.8	149	52.2	28.8	78	87.0
Marriott	23.8	149	52.5	18.2	282	28.8
Capital Cities Commun	23.7	151	28.6	22.2	152	29.5
Amer Broadcasting	23.7	152	–5.5	14.3	510	16.3
Big Three Industries	23.7	152	49.1	25.9	102	48.4
Santa Fe Intl	23.6	154	196.7	25.9	103	99.8
Rite Aid	23.5	155	23.5	18.9	252	25.4
Std Comml Tobacco	23.5	155	41.3	33.2	50	39.5
Alexander & Alexander	23.4	157	–0.4	25.5	95	22.9
Beckman Instruments	23.3	158	9.1	18.1	289	45.8
Houston Natural Gas	23.1	159	48.9	27.4	89	52.7
Safeco	23.1	160	–17.3	13.7	558	18.6
Johnson Controls	23.0	161	5.6	24.9	113	30.7
Hewlett-Packard	22.9	162	44.9	24.1	124	49.3
BanCal Tri-State	22.9	163	–38.9	10.2	786	46.8
Smith International	22.9	164	81.5	25.7	104	87.0
Anixter Brothers	22.8	165	93.6	17.2	334	63.6
Transamerica	22.6	166	0.8	11.2	715	5.0
Consol Freightways	22.6	167	113.8	14.8	481	–18.4
Consolidated Papers	22.6	168	7.9	15.1	454	21.1
Holly Corp	22.3	169	–28.2	30.6	68	40.8
Dover	22.3	170	54.0	17.8	301	44.3
Sundstrand	22.3	170	30.0	13.1	604	21.0
AMP	22.2	172	2.6	17.7	306	23.0
American General	22.0	173	5.3	11.5	703	18.2
Chubb	22.0	174	2.1	10.3	771	15.9
McDonald's	22.0	175	33.8	20.5	198	26.4
Morse Shoe	21.9	176	–23.4	15.2	446	17.6
Revco D S	21.9	177	33.0	20.9	184	46.5
Getty Oil	21.9	178	41.8	22.9	146	98.2
Abbott Laboratories	21.8	179	29.2	17.1	339	30.9
Bausch & Lomb	21.7	180	–8.2	12.5	642	19.1
Frontier Airlines	21.5	181	62.6	20.7	189	46.1
PACCAR	21.5	182	–17.3	15.8	416	1.1
Halliburton	21.5	183	47.8	18.3	275	10.1
Phillips Petroleum	21.4	184	11.1	19.5	236	57.5
Albertson's	21.4	185	20.1	19.7	230	25.7
Zurn Industries	21.3	186	22.2	8.3	884	15.9
Brown-Forman Dist	21.2	187	79.4	12.6	634	38.9
Baldwin-United	21.2	188	34.8	36.8	35	163.2
American Stores	21.1	189	–1.0	47.9	10	79.4
Manhattan Industries	21.0	190	D–P	7.4	919	2.9
Keystone Foods	20.9	191	18.9	27.1	93	25.4
Seaboard Allied Milling	20.9	192	–8.9	7.7	913	36.2
Perkin-Elmer	20.9%	193	37.1%	23.3%	134	46.5%
Auto Data Processing	20.9	194	41.8	26.4	96	56.2
A O Smith	20.8	195	–23.9	7.1	929	1.9
Baxter Travenol Labs	20.8	196	23.5	20.2	208	23.9
Melville	20.6	197	17.0	19.1	248	26.4
Morrison-Knudsen	20.6	198	20.7	14.4	499	45.9
Ashland Oil	20.5	199	–76.1	16.9	352	38.9
R H Macy	20.5	200	43.8	11.5	701	31.1
Travelers	20.4	201	–3.8	10.5	757	20.3
Federal-Mogul	20.4	202	–3.6	12.8	622	27.8
Circle K	20.3	203	41.0	19.2	244	58.0
United States Gypsum	20.3	204	–28.0	11.8	688	4.1
Signal Companies	20.3	205	–0.4	17.4	316	28.9
MGM Grand Hotels	20.3	206	–9.5	15.6	432	–38.2
Morton-Norwich	20.2	207	26.5	10.2	788	31.7
Di Giorgio	20.2	208	–4.3	10.2	783	–2.9
Bendix	20.2	209	170.3	9.7	814	16.8
Cameron Iron Works	20.0	210	82.0	18.4	270	75.5
Philip Morris	20.0	211	33.6	21.0	178	30.1
Piedmont Aviation	20.0	212	62.2	20.7	190	64.1
Rose's Stores	19.9	213	9.1	7.3	925	11.9
Carpenter Technology	19.8	214	19.3	14.2	523	22.2
Cluett, Peabody	19.7	215	22.1	4.5	983	20.1
Levitz Furniture	19.7	216	–23.6	7.1	928	–1.2
Control Data	19.6	217	24.5	14.3	507	24.9
Snap-On Tools	19.6	217	–3.2	18.2	278	20.2
Walgreen	19.6	217	31.6	6.9	934	28.6
City Investing	19.6	220	–19.6	17.0	346	20.0
Natl Semiconductor	19.6	220	–13.4	31.6	59	50.9
McGraw-Hill	19.6	222	24.3	11.5	702	21.9
Milton Bradley	19.6	222	–39.3	15.3	443	13.8
Pioneer Hi-Bred Intl	19.6	222	53.9	19.8	228	41.2
Petrolane	19.5	225	56.2	21.7	167	60.5
Cone Mills	19.4	226	–15.5	9.0	852	0.8
Fort Howard Paper	19.4	227	33.4	16.5	369	33.2
Research-Cottrell	19.4	228	20.2	12.6	641	46.8
Times Mirror	19.3	229	0.2	16.3	386	26.1
Wheelabrator-Frye	19.3	229	21.7	28.6	80	104.6
Combustion Engnrng	19.2	231	36.5	13.6	571	36.8
Archer Daniels Midland	19.1	232	104.6	14.1	530	62.6
Acme-Cleveland	19.1	233	–36.4	15.1	456	15.7
Air Prods & Chems	19.0	234	29.7	17.0	348	27.7
Amsted Industries	19.0	235	–18.0	12.4	647	1.7
Kroger	19.0	235	15.0	13.3	589	24.1
Farmers Group	18.9	237	17.9	14.5	495	21.7
Edison Bros Stores	18.9	238	4.6	12.9	616	17.5
Northwest Industries	18.9	239	54.2	19.8	226	35.9
American Natl Ins	18.9	240	2.3	9.6	816	3.7
Wyman-Gordon	18.8	241	97.9	17.8	300	42.3
Nordstrom	18.6	242	44.2	20.3	205	31.6
Magic Chef	18.4	243	49.3	17.4	321	53.7
Honeywell	18.4	244	18.7	10.9	736	23.5
Murphy Oil	18.4	245	70.3	17.4	317	46.2
St Paul Companies	18.4	245	–4.7	13.6	566	12.8
H J Heinz	18.4	247	50.1	12.1	667	43.2
Martin Marietta	18.4	247	22.0	14.2	517	46.5
Westinghouse Electric	18.3	249	27.2	5.7	969	21.4
Dexter	18.3	250	3.7	27.6	87	16.7
Engelhard	18.3	250	28.6	38.7	28	16.3
Masco	18.2	252	23.6	20.5	199	23.3
Burlington Northern	18.2	253	11.5	17.1	340	47.9
American Express	18.2	254	13.9	17.0	348	40.6
General Signal	18.2	255	20.2	22.1	155	28.1
Freeport-McMoran	18.1	256	61.4	17.2	332	67.8

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product,* which measures inflation in all sectors of the economy.

†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit.

Who's where in growth

Company	Earnings per share			Sales		
	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Heck's	18.1%	257	8.9%	21.9%	159	24.9%
W W Grainger	18.1	258	21.5	18.4	274	21.3
Reynolds Metals	18.1	258	–12.0	13.5	577	10.6
Fieldcrest Mills	18.0	260	–34.6	10.6	752	6.2
Union Pacific	18.0	261	10.4	21.5	169	55.1
Valley National	18.0	261	20.0	18.2	282	55.7
Marsh Supermarkets	17.9	263	48.0	11.7	696	16.2
Republic Finl Svcs	17.9	264	7.9	15.8	422	9.1
Gordon Jewelry	17.9	265	13.7	17.3	326	31.5
Denny's	17.9	266	27.3	22.2	151	40.3
Sigmor	17.8	267	21.3	38.9	25	112.0
Nashua	17.8	268	–39.0	15.9	405	12.4
Mercantile Texas	17.8	269	34.9	47.4	11	78.9
General Cinema	17.8	270	42.9	17.6	308	22.9
Security Pacific	17.8	271	19.7	19.9	219	62.3
Pay Less Drug NW	17.7	272	19.3	23.2	139	54.4
Empire	17.7	273	–45.2	29.0	77	27.1
Occidental Petroleum	17.7	273	29.3	16.1	395	42.3
Interpublic Group	17.7	275	–21.4	16.7	363	17.1
Blue Bell	17.7	276	–26.2	16.9	353	29.8
Alco Standard	17.6	277	16.4	16.5	375	33.3
Vulcan Materials	17.6	277	33.2	14.0	542	9.5
Howell	17.6	279	–35.3	30.2	72	–14.0
Reeves Brothers	17.6	280	47.7	9.8	809	14.9
Sysco	17.6	281	62.3	17.9	295	41.8
Texas Commerce Bshs	17.5	282	50.2	30.7	66	81.7
Gannett	17.5	283	24.0	23.7	132	34.0
Deluxe Check Printers	17.4	284	39.0	15.6	430	33.4
Barnes Group	17.4	285	–30.9	15.1	453	13.6
Knight-Ridder News	17.4	285	17.3	14.6	489	22.6
Zayre	17.4	287	44.4	7.5	918	16.3
Continental Corp	17.4	288	–35.3	10.8	747	6.5
PennCorp Financial	17.3	289	–75.5	16.1	399	–11.2
United States Shoe	17.3	290	49.6	12.5	646	13.3
First Interstate	17.2	291	14.8	16.8	358	52.6
Dresser Industries	17.2	292	33.1	18.3	276	27.9
Idle Wild Foods	17.2	292	15.7	10.2	780	10.1
Republic New York	17.1	294	50.6	40.3	21	103.3
Foxboro	17.1	295	0.4	14.3	509	23.9
Seagram	17.0	296	139.2	6.3	954	13.0
Dillon Companies	16.9	297	50.3	18.8	263	47.7
Host International	16.9	298	–58.7	12.0	680	17.5
Allis-Chalmers	16.8	299	–71.2	8.4	876	12.5
Amerada Hess	16.7	300	–32.1	18.8	261	44.4
Kimberly-Clark	16.7	300	–4.2	11.0	731	26.4
Mead	16.7	300	–11.6	12.6	634	13.5
George A Hormel	16.7	303	–6.5	7.3	925	6.3
Norfolk & Western Ry	16.7	304	51.3	6.9	933	25.8
Jack Eckerd	16.7	305	29.5	24.1	119	31.3
Maryland Cup	16.7	306	34.5	16.7	362	29.9
DeSoto	16.7	307	20.3	5.3	977	9.6
Standard Oil Calif	16.6	308	37.4	18.2	284	37.2
Weis Markets	16.6	308	27.1	13.6	566	23.4
Dorsey	16.6	310	–9.0	21.0	177	29.8
Pennzoil	16.6	310	6.7	19.6	234	32.5
Shell Oil	16.6	312	40.8	17.8	302	42.8
Reading & Bates	16.6	313	79.2	17.4	317	80.8
American Brands	16.6	314	12.0	10.3	772	12.4
Sonoco Products	16.5	315	36.7	15.2	446	25.8
Missouri Pacific	16.5	316	18.6	14.1	532	25.2
Browning-Ferris Inds	16.5	317	45.3	12.6	632	38.4
Niagara Frontier Services	16.5	318	–5.4	21.0	178	30.3
E-Systems	16.5	319	21.2	13.6	562	38.1
Farm House Foods	16.5	319	15.5	36.5	36	92.0
H H Robertson	16.5%	321	77.8%	9.2%	839	32.1%
H K Porter	16.5	322	–70.2	15.2	451	2.2
Universal Leaf	16.4	323	31.0	8.1	890	16.1
Quaker Oats	16.4	324	33.9	11.9	687	31.3
Mobil	16.4	325	21.0	21.7	164	36.8
Alleghany	16.3	326	34.9	43.4	15	69.4
Revlon	16.3	326	–7.4	22.2	153	32.6
Dow Jones	16.2	328	30.1	16.7	363	38.2
PepsiCo	16.2	329	24.5	20.2	208	31.8
Upjohn	16.1	330	4.7	14.6	488	23.6
Tyler	16.1	331	40.1	14.9	466	40.4
Marsh & McLennan Cos	16.0	332	10.8	17.8	304	47.3
Norton	16.0	332	3.4	16.5	375	17.8
Handy & Harman	16.0	334	26.1	11.9	686	3.9
Esmark	16.0	335	–29.4	1.9	1004	–36.9
Flowers Industries	16.0	336	41.3	19.4	238	26.3
Anheuser-Busch Cos	15.9	337	46.0	16.1	397	33.7
Cummins Engine	15.9	338	151.6	16.4	384	17.8
Knudsen	15.9	339	34.9	16.1	397	23.5
Southland	15.9	339	28.8	19.3	239	39.7
Seaway Food Town	15.8	341	22.6	13.3	589	32.8
Ex-Cell-O	15.8	342	14.7	18.4	272	25.3
Blount	15.8	343	–14.1	11.2	717	32.8
Petrie Stores	15.7	344	2.8	13.1	599	9.6
Transco Companies	15.7	345	47.5	27.4	88	100.9
First City Bancorp	15.7	346	49.8	27.9	85	80.7
SCM	15.7	347	3.0	8.1	889	12.0
Cyclops	15.7	348	73.8	10.7	749	18.0
Mallinckrodt	15.6	349	10.3	15.1	457	20.9
Fred Meyer	15.6	350	12.6	12.2	663	3.8
Time Inc	15.6	351	–13.1	23.5	133	35.6
Wickes Companies	15.6	351	–69.7	18.1	287	77.5
Nalco Chemical	15.6	353	35.8	14.8	478	16.9
Olin	15.6	354	–8.3	8.5	874	16.8
Ampco-Pittsburgh	15.6	355	35.2	21.0	180	57.1
Golden West Finl	15.6	356	–81.4	35.1	43	64.9
Standard Oil Indiana	15.6	357	30.1	19.1	245	47.5
A C Nielsen	15.5	358	34.5	18.7	264	42.9
Genuine Parts	15.5	359	25.3	16.1	400	19.5
Connecticut General	15.4	360	19.2	12.2	657	10.7
Motorola	15.4	361	16.5	14.2	516	22.7
General Mills	15.4	362	42.8	14.2	515	37.3
Lubrizol	15.4	363	–15.6	15.9	407	22.5
Republic of Texas	15.3	364	41.7	26.4	97	73.3
Brown Group	15.3	365	30.4	9.4	828	17.0
Dun & Bradstreet	15.3	366	31.9	13.8	548	33.5
Gifford-Hill	15.3	367	5.2	16.1	396	32.3
Oneok	15.3	367	21.8	29.5	75	50.1
Pillsbury	15.3	369	21.9	17.8	303	44.4
Southwest Forest Inds	15.2	370	–53.2	9.4	834	11.6
Amer Hospital Supply	15.2	371	17.7	15.8	417	31.8
Thiokol	15.2	371	3.4	13.1	600	19.3
U S Bancorp	15.2	373	23.1	17.6	309	49.6
First Intl Bshs	15.2	374	40.5	25.6	106	79.8
Midland-Ross	15.2	374	–20.8	14.5	497	19.1
Richardson-Vicks	15.2	376	36.1	16.3	389	36.9
Trane	15.1	377	12.7	12.3	655	21.6
Marathon Oil	15.1	378	26.0	21.0	183	37.8
Emerson Electric	15.1	379	27.5	18.5	267	30.9
Roper Corp	15.0	380	15.8	6.3	953	5.7
UAL	15.0	380	–70.1	12.9	619	22.8
Owens-Corning Fbrgls	14.9	382	–33.9	19.9	224	12.6
National Gypsum	14.9	383	–31.3	8.4	878	–1.7
Lone Star Industries	14.9	384	–13.7	8.0	897	1.2

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product,* which measures inflation in all sectors of the economy.

†Latest 12-months.

Who's where in growth

	Earnings per share			Sales		
Company	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Texas Instruments	14.9%	384	–29.7%	18.8%	261	29.3%
Southern Railway	14.9	386	29.1	11.1	726	21.6
Provident Life & Acc	14.9	387	10.7	5.8	968	9.0
Waldbaum	14.8	388	21.5	14.1	532	23.7
Walt Disney	14.8	389	4.2	12.7	627	22.9
Square D	14.8	390	29.4	14.6	489	34.1
Continental Group	14.7	391	58.8	9.2	841	16.7
Borg-Warner	14.7	392	13.2	9.1	846	7.8
MCA	14.6	393	–23.1	14.3	508	8.1
Wells Fargo	14.6	393	5.2	19.8	225	58.2
Raymond Intl	14.6	395	–0.7	25.4	108	38.5
Central Steel & Wire	14.6	396	56.4	11.0	733	2.8
TRW	14.5	397	27.0	13.1	605	19.6
Illinois Tool Works	14.5	398	–0.2	12.9	617	15.4
Johnson & Johnson	14.5	399	13.0	16.6	368	25.6
Longs Drug Stores	14.4	400	10.7	17.2	335	23.1
Stanley Works	14.4	401	1.0	11.8	689	16.1
Rainier Bancorp	14.4	402	9.3	20.2	207	49.0
Univar	14.4	402	71.1	11.3	713	18.3
Earle M Jorgensen	14.4	404	38.2	11.2	720	17.6
Roadway Express	14.3	405	28.8	16.3	389	9.2
Minn Mining & Mfg	14.3	406	–8.9	13.3	587	19.3
Crocker National	14.2	407	–19.0	18.8	255	59.1
Intl Flavors & Frag	14.2	407	–13.8	14.1	531	10.1
Leaseway Transportation	14.2	409	5.4	13.4	584	8.5
So Natural Resources	14.2	410	32.1	22.8	147	67.5
United Technologies	14.2	410	20.7	23.0	144	48.7
Kidde	14.2	412	25.7	15.6	433	23.8
Santa Fe Industries	14.1	413	21.5	14.7	486	31.1
American Bakeries	14.1	414	P–D	5.8	965	0.2
Crown Cork & Seal	14.1	414	–18.0	13.0	610	1.5
Lincoln National	14.1	414	–5.5	13.0	612	20.5
Ball Corp	14.1	417	10.7	16.3	388	35.8
R R Donnelley & Sons	14.1	418	16.7	15.7	427	25.9
Zale	14.1	419	25.5	8.1	894	–10.5
Hershey Foods	14.0	420	48.7	16.4	379	32.5
Black & Decker	14.0	421	–21.6	15.7	425	19.1
Carson Pirie Scott	13.9	422	47.7	9.4	830	58.0
Moore McCormack Res	13.9	423	13.6	19.3	242	40.2
BankAmerica	13.8	424	–12.5	20.1	213	50.5
Avnet	13.8	425	17.4	15.0	458	23.8
National Svc Inds	13.8	425	30.9	9.4	826	21.2
Chesebrough-Pond's	13.7	427	33.5	15.8	419	27.8
Joy Manufacturing	13.7	427	76.6	13.5	580	35.2
Corning Glass Works	13.7	429	1.7	8.2	888	14.9
Figgie International	13.7	430	23.9	8.3	884	11.1
Rohm & Haas	13.6	431	11.3	10.9	741	24.1
General Dynamics	13.6	432	28.2	15.2	446	27.9
MAPCO	13.6	432	–10.3	35.7	39	99.8
Hoover Universal	13.6	434	12.4	13.2	598	0.1
Bristol-Myers	13.6	435	25.0	11.9	685	23.0
Seafirst	13.6	436	17.0	21.7	163	65.8
Kaneb Services	13.5	437	–5.6	37.1	34	44.8
Allen Group	13.5	438	–6.9	9.2	840	10.5
Campbell Taggart	13.5	439	22.1	12.5	643	22.3
Bucyrus-Erie	13.5	440	–29.0	12.2	666	–15.7
Panhandle Eastern	13.5	440	57.0	27.3	91	63.4
Avery International	13.4	442	3.6	14.8	481	14.3
Ametek	13.4	443	19.9	12.2	663	19.5
Economics Laboratory	13.4	443	3.1	14.8	481	35.9
Girard	13.4	445	18.3	10.6	755	38.1
Pacific Resources	13.3	446	–31.6	30.1	73	61.9
Irving Bank	13.3	447	37.4	16.9	351	70.5
Cannon Mills	13.3	448	17.0	9.4	834	22.8

	Earnings per share			Sales		
Company	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Rollins	13.3%	449	48.2%	13.6%	562	38.9%
Union Oil California	13.3	449	43.9	14.4	502	32.8
Witco Chemical	13.3	449	–7.9	15.8	413	34.4
Northwest Energy	13.2	452	46.1	24.0	126	19.5
Texas Eastern	13.2	452	21.6	23.2	138	44.1
Kellogg	13.2	454	18.1	13.2	596	21.9
VF	13.2	455	50.1	8.8	864	30.0
Flickinger	13.2	456	41.8	15.4	439	28.1
CPC International	13.1	457	17.0	9.9	805	19.3
Barnett Banks Fla	13.0	458	25.3	17.5	314	60.8
Combined Internatl	13.0	459	18.3	13.2	592	24.0
Parker-Hannifin	13.0	459	17.7	18.7	264	34.7
InterNorth	12.9	461	28.1	20.6	195	42.0
Anderson, Clayton	12.9	462	36.4	7.3	923	32.3
Cessna Aircraft	12.9	463	61.4	16.7	360	17.8
Dennison Mfg	12.9	464	15.6	14.1	532	21.6
New York Times	12.9	464	48.3	10.6	754	30.2
Arvin Industries	12.8	466	–2.8	10.2	780	7.7
Holiday Inns	12.8	466	61.2	8.0	897	36.2
Thrifty Corp	12.8	468	32.7	12.2	662	23.2
Caterpillar Tractor	12.7	469	13.6	14.0	539	14.9
Cities Service	12.7	470	6.2	18.1	285	40.7
Sun Company	12.7	470	5.8	24.4	116	49.3
Delta Air Lines	12.7	472	6.2	16.5	375	44.7
Gulf United	12.6	473	18.2	17.1	336	73.8
E I du Pont	12.6	474	5.7	14.0	540	48.8
Bankers Trust N Y	12.6	475	27.8	16.8	355	58.3
Curtice-Burns	12.5	476	22.4	24.0	125	38.7
Emhart	12.5	476	–12.2	26.9	94	12.1
NL Industries	12.5	478	140.9	9.0	856	33.6
North Amer Philips	12.5	479	36.6	17.3	330	23.3
General Electric	12.4	480	16.3	11.6	698	19.0
American Family	12.4	481	–36.5	34.6	46	36.7
Nationwide	12.4	482	–10.1	10.4	768	5.6
Tecumseh Products	12.3	483	20.7	9.5	824	3.4
Industrial National	12.3	484	36.3	14.8	474	48.9
Westvaco	12.3	484	29.7	11.3	709	23.3
Whirlpool	12.3	486	37.1	7.4	920	15.4
Emery Air Freight	12.2	487	4.5	17.8	304	17.7
Rockwell Intl	12.2	487	15.8	9.5	822	12.6
American Home Products	12.2	489	22.6	10.9	739	19.1
Tyson Foods	12.2	490	–68.6	16.5	378	44.8
Malone & Hyde	12.2	491	–18.8	17.1	338	35.1
Nabisco Brands	12.2	491	26.8	8.9	860	15.8
Ogden	12.1	493	11.1	7.0	930	10.2
Pay'n Save	12.1	493	–8.4	22.0	158	26.3
Texas Gas Transmn	12.1	493	52.3	20.4	201	46.8
Northwest Bancorp	12.1	496	6.8	19.9	222	55.0
Ideal Basic Inds	12.1	497	–27.0	11.3	712	10.3
Procter & Gamble	12.0	498	20.1	13.5	575	22.7
IBM	12.0	499	6.9	12.7	628	19.2
Harsco	12.0	500	15.7	14.5	498	21.9
Becton, Dickinson	12.0	501	21.3	15.4	439	31.4
Merck	12.0	501	10.0	12.3	653	21.7
Giant Food	11.9	503	–36.2	11.1	725	24.7
Merrill Lynch	11.9	503	43.2	21.5	170	71.6
SEDCO	11.9	503	223.7	14.1	527	12.4
NCNB	11.9	506	9.0	16.3	391	62.3
K mart	11.9	507	–26.3	17.1	344	22.2
Suburban Propane Gas	11.9	507	25.0	21.0	182	51.9
Continental Illinois	11.9	509	18.0	23.2	140	72.6
General Foods	11.9	510	–3.6	11.2	722	23.4
Dart & Kraft	11.9	511	10.8	9.9	805	16.9
Consolidated Foods	11.8	512	30.1	14.2	513	23.9

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product,* which measures inflation in all sectors of the economy.

†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share 5-year average*	Earnings per share rank	Earnings per share 81† vs 1978-80	Sales 5-year average*	Sales rank	Sales 81† vs 1978-80
Dana	11.8%	**512**	–18.7%	17.1%	**336**	8.7%
Exxon	11.8	**514**	40.2	17.0	**348**	32.6
Gt Northern Nekoosa	11.8	**514**	9.4	13.8	**550**	26.5
American Greetings	11.8	**516**	11.8	13.0	**610**	25.4
Hannaford Bros	11.8	**517**	56.1	12.7	**625**	24.2
First Wisconsin	11.8	**518**	19.7	12.0	**676**	34.5
Universal Foods	11.7	**519**	13.8	19.9	**222**	34.8
Dynalectron	11.7	**520**	318.2	20.1	**211**	30.9
CBI Industries	11.7	**521**	36.8	6.8	**939**	28.7
Jefferson-Pilot	11.7	**521**	9.1	10.4	**762**	16.0
Sperry	11.7	**521**	–26.4	10.4	**766**	14.5
Lucky Stores	11.7	**524**	–1.8	15.5	**437**	24.2
Coca-Cola	11.7	**525**	16.3	14.9	**471**	20.4
Celanese	11.6	**526**	10.7	11.2	**715**	24.6
Colt Industries	11.6	**527**	14.3	14.7	**485**	12.2
McCormick	11.6	**527**	24.7	16.4	**379**	34.8
Insilco	11.6	**529**	12.1	9.3	**837**	20.4
Winn-Dixie Stores	11.6	**529**	17.4	14.6	**491**	28.1
Carnation	11.6	**531**	8.8	10.1	**789**	16.9
Xerox	11.6	**532**	13.5	14.8	**474**	22.7
Union Camp	11.6	**533**	18.6	11.0	**729**	21.8
Stauffer Chemical	11.5	**534**	26.1	13.2	**596**	17.1
American Can	11.5	**535**	–30.5	10.9	**741**	8.4
Del E Webb	11.5	**536**	15.2	9.1	**844**	3.5
Consol Natural Gas	11.4	**537**	28.6	17.9	**298**	31.0
FMC	11.4	**538**	–19.2	9.6	**815**	5.0
Masonite	11.4	**538**	–28.3	10.3	**774**	1.9
Washington National	11.4	**538**	4.7	16.5	**370**	–11.0
Michigan National	11.4	**541**	–3.7	17.1	**345**	41.2
Southern Union	11.4	**541**	26.2	26.0	**101**	40.7
Harvey Hubbell	11.4	**543**	27.1	15.8	**422**	26.9
Capital Holding	11.4	**544**	14.5	10.0	**798**	66.5
CBS	11.4	**544**	–9.1	14.8	**477**	11.9
Mercantile Stores	11.3	**546**	33.6	12.2	**658**	18.5
West Point-Pepperell	11.3	**546**	17.0	13.8	**548**	16.6
Athlone Industries	11.3	**548**	72.9	5.3	**977**	14.9
Eli Lilly	11.1	**549**	11.1	14.6	**487**	22.4
Fleming Companies	11.1	**550**	29.3	14.1	**529**	19.2
Gulf & Western Inds	11.1	**551**	3.2	15.4	**441**	14.5
Gerber Products	11.0	**552**	27.0	11.4	**708**	18.0
Arkla	11.0	**553**	36.7	20.6	**193**	52.3
First Bank System	11.0	**554**	6.9	18.5	**268**	57.6
First Natl Boston	11.0	**555**	28.6	22.0	**156**	69.8
USLIFE	10.9	**556**	9.9	12.1	**673**	17.7
Penn Traffic	10.9	**557**	–15.6	17.6	**307**	14.6
Pacific Lighting	10.9	**558**	45.3	20.0	**216**	30.8
Imperial Corp of Am	10.9	**559**	P–D	20.3	**204**	39.6
Equitable of Iowa	10.8	**560**	–13.7	16.2	**393**	29.5
Schering-Plough	10.8	**561**	–15.1	15.0	**461**	27.6
IC Industries	10.8	**562**	12.8	19.9	**221**	20.3
Foremost-McKesson	10.8	**563**	5.1	9.5	**824**	17.8
Beatrice Foods	10.7	**564**	27.9	14.2	**513**	10.3
PPG Industries	10.7	**564**	20.8	11.2	**717**	12.5
Stanadyne	10.7	**564**	34.3	13.3	**589**	12.4
Dean Witter Reynolds	10.7	**567**	108.4	27.8	**86**	64.8
Riegel Textile	10.7	**567**	13.1	9.1	**847**	24.0
Turner Construction	10.7	**569**	68.3	14.8	**480**	35.9
Wachovia	10.7	**569**	23.9	14.1	**525**	53.9
Ralston Purina	10.6	**571**	17.4	10.2	**785**	15.7
Gt Western Financial	10.6	**572**	–88.8	17.9	**295**	31.5
Interpace	10.6	**572**	–12.4	5.6	**971**	10.0
Avon Products	10.5	**574**	–1.8	12.9	**620**	14.4
McGraw-Edison	10.5	**575**	1.6	13.5	**580**	50.9
DEKALB AgResearch	10.4	**576**	–10.2	15.8	**411**	40.0
Electronic Data Syst	10.4%	577	59.9%	21.1%	**174**	66.4%
Timken	10.3	**578**	1.4	12.6	**639**	15.1
Pittsburgh National	10.3	**579**	19.6	20.0	**218**	70.3
Borden	10.3	**580**	14.6	7.0	**931**	5.2
Jewel Companies	10.3	**581**	57.3	9.2	**838**	25.1
R J Reynolds Inds	10.3	**581**	24.9	15.4	**438**	32.4
Godfrey	10.3	**583**	–6.8	12.2	**663**	20.2
J P Morgan	10.2	**584**	5.1	20.1	**211**	69.0
Dibrell Brothers	10.2	**585**	45.0	10.5	**759**	13.6
Allied Stores	10.2	**586**	0.2	6.0	**961**	14.3
Louisiana Land	10.2	**587**	16.9	26.1	**100**	45.8
Moore Corp	10.2	**588**	16.2	13.3	**587**	19.4
May Dept Stores	10.1	**589**	4.9	10.3	**777**	15.6
Chemical New York	10.1	**590**	44.5	19.3	**242**	62.0
UGI	10.1	**590**	33.3	19.6	**233**	84.5
Scott Paper	10.1	**592**	–5.1	11.8	**689**	17.3
Strawbridge & Clothier	10.1	**592**	14.5	9.7	**811**	11.1
Hart Schaffner & Marx	10.0	**594**	23.4	6.3	**956**	22.4
Super Food Services	10.0	**595**	–30.2	17.4	**322**	22.9
A E Staley Mfg	10.0	**596**	154.9	19.8	**228**	39.8
Armco	10.0	**597**	7.3	13.1	**606**	32.6
Bemis	10.0	**598**	–3.8	4.3	**986**	6.6
Eastman Kodak	10.0	**598**	25.0	12.8	**623**	25.6
First Union Bancorp	10.0	**598**	19.7	19.9	**220**	72.1
Louisiana-Pacific	9.9	**601**	–60.8	21.1	**176**	–5.1
Norris Industries	9.9	**601**	7.5	10.3	**769**	4.4
North American Coal	9.9	**601**	–66.0	14.0	**536**	29.3
Pennwalt	9.9	**601**	–25.2	11.1	**723**	12.2
Mellon National	9.9	**605**	12.2	15.2	**446**	77.0
Consolidated Edison	9.9	**606**	35.4	10.0	**796**	38.1
Owens-Illinois	9.9	**606**	21.5	10.6	**753**	14.0
Liberty Natl Ins Hld	9.9	**608**	20.2	10.5	**761**	35.7
United Telecom	9.9	**609**	34.4	13.8	**550**	26.7
Fruehauf	9.8	**610**	–46.7	15.8	**413**	–3.6
Gates Learjet	9.8	**611**	47.8	23.9	**127**	54.9
Southeast Banking	9.8	**611**	19.6	18.8	**257**	66.3
Signode	9.8	**613**	–22.4	12.0	**680**	5.2
ENSERCH	9.8	**614**	79.2	30.5	**69**	45.3
Intl Multifoods	9.8	**614**	28.7	6.0	**964**	14.6
Stone Container	9.6	**616**	61.9	11.8	**691**	23.8
Kerr Glass Mfg	9.6	**617**	11.7	12.4	**650**	33.9
Federated Dept Stores	9.6	**618**	10.3	11.4	**706**	17.6
AMAX	9.5	**619**	–19.1	16.4	**383**	11.9
NVF	9.5	**620**	–11.8	12.4	**649**	48.4
Briggs & Stratton	9.5	**621**	–49.2	13.4	**585**	–4.8
Pfizer	9.5	**622**	–12.2	12.4	**648**	19.9
H F Ahmanson	9.4	**623**	P–D	19.3	**241**	28.1
King Kullen Grocery	9.4	**623**	12.6	14.4	**501**	28.3
Scott & Fetzer	9.4	**623**	–4.3	14.7	**484**	7.2
Central Tel & Utils	9.4	**626**	14.4	17.1	**341**	28.5
Rexnord	9.4	**626**	–29.4	14.2	**518**	14.8
Willamette Inds	9.4	**628**	–37.3	16.8	**355**	17.2
Chase Manhattan	9.3	**629**	21.0	18.3	**277**	61.9
B F Goodrich	9.3	**630**	–3.4	9.3	**836**	11.2
Manufacturers Hanover	9.2	**631**	13.9	22.0	**157**	78.3
Georgia-Pacific	9.2	**632**	–31.4	15.0	**460**	13.0
Ryan Homes	9.2	**633**	–43.4	16.4	**379**	–5.9
Gulf Oil	9.1	**634**	5.2	12.2	**658**	20.3
Phillips-Van Heusen	9.0	**635**	16.4	4.3	**984**	13.1
Campbell Soup	9.0	**636**	5.4	10.3	**769**	25.1
National Can	9.0	**637**	–18.0	12.7	**626**	16.0
Hammermill Paper	8.9	**638**	25.5	14.2	**518**	22.2
NICOR	8.9	**638**	7.3	20.8	**187**	27.9
American Tel & Tel	8.9	**640**	6.6	11.6	**698**	20.8

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit

Who's where in growth

Company	Earnings per share			Sales		
	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
DETROITBANK	8.9%	641	–9.5%	17.3%	326	49.3%
Perini	8.9	641	146.9	19.0	250	47.2
NBD Bancorp	8.9	643	–4.6	14.2	518	59.5
Colonial Penn Group	8.8	644	–69.4	21.7	165	55.5
Kerr-McGee	8.8	644	28.0	16.0	403	34.9
NLT	8.8	644	4.8	8.9	857	8.3
Maryland National	8.8	647	35.0	18.7	266	46.4
Transway Intl	8.8	647	–5.8	8.2	887	–6.9
F W Woolworth	8.8	649	–25.3	9.6	818	8.5
Potlatch	8.7	650	–42.4	10.4	765	10.8
Brooklyn Union Gas	8.7	651	21.3	18.2	280	43.5
Interco	8.6	652	11.1	10.8	745	24.4
Sunbeam	8.6	653	–2.0	10.8	744	9.6
Duke Power	8.6	654	11.0	14.1	527	21.3
Eaton	8.6	654	–40.0	13.1	602	2.2
Ethyl	8.6	654	–1.3	11.7	692	9.4
TECO Energy	8.6	657	27.4	18.0	290	41.9
Butler Manufacturing	8.5	658	–19.2	10.1	792	–0.1
International Paper	8.5	659	–6.7	10.0	798	14.6
Anchor Hocking	8.5	660	–8.6	11.9	683	18.7
Dow Chemical	8.5	660	–10.3	16.4	384	30.7
Echlin Manufacturing	8.4	662	–37.3	15.8	419	41.1
Intl Minerals & Chem	8.4	662	17.9	12.1	670	29.4
Texaco	8.3	664	44.7	16.6	366	46.0
Chromalloy American	8.3	665	–15.6	13.4	583	–4.4
Norton Simon	8.3	666	–3.5	11.3	709	16.8
McDonnell Douglas	8.2	667	9.5	10.6	756	31.7
Citicorp	8.2	668	–17.0	22.9	145	59.0
Nash Finch	8.2	668	9.0	13.6	571	22.6
Polaroid	8.2	670	–23.2	12.1	667	2.8
So New England Tel	8.2	670	44.5	11.3	713	30.1
Atlanta Gas Light	8.1	672	–13.9	20.2	210	47.9
CSX	8.1	673	43.5	11.0	731	22.7
Allied Van Lines	8.0	674	257.7	12.3	651	14.8
Mercantile Bancorp	7.9	675	12.3	18.9	253	45.9
Springs Mills	7.9	675	–21.5	7.9	905	19.1
W R Grace	7.9	677	43.1	10.7	750	23.6
Kaiser Steel	7.9	677	–22.4	7.9	906	24.6
Allegheny Int'l	7.9	679	–11.0	9.6	819	21.2
RCA	7.8	680	–99.5	9.5	822	8.6
Eagle-Picher Inds	7.8	681	–16.9	10.2	780	9.7
Laclede Gas	7.7	682	–11.5	17.3	324	11.7
Clorox	7.7	683	15.6	6.9	934	–5.9
Deere	7.7	683	–16.3	14.3	506	12.5
Southern Pacific	7.7	683	11.7	9.7	813	24.3
National City	7.6	686	–19.3	21.3	171	50.5
Tenneco	7.6	686	7.8	18.0	292	33.8
White Consolidated	7.6	688	23.1	13.1	600	16.6
Harcourt Brace Jovan	7.6	689	17.0	16.5	370	14.6
Minnesota Gas	7.5	690	–2.5	21.1	175	30.1
Houston Industries	7.5	691	4.6	28.4	83	56.7
Southwestern Pub Svc	7.4	692	23.0	21.8	160	34.1
Lockheed	7.3	693	73.2	8.1	891	38.7
Lowe's Companies	7.2	694	–23.7	14.8	478	7.0
AmeriTrust	7.2	695	2.2	14.4	503	32.0
General Tel & Elec	7.2	696	9.7	11.1	728	11.3
Modern Merchandising	7.2	697	–49.1	25.7	105	14.9
Ferro	7.2	698	–30.2	14.5	496	21.3
Wisconsin Public Svc	7.1	699	4.3	15.3	445	23.0
Fischbach	7.1	700	43.6	8.8	863	30.7
Manville	7.0	701	–65.1	13.6	566	8.7
Robertshaw Controls	7.0	701	–4.9	10.1	793	10.4
Paine Webber	7.0	703	7.1	30.6	67	67.9
Newmont Mining	7.0	704	–24.3	10.5	760	8.0

Company	Earnings per share			Sales		
	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Hercules	7.0%	705	–2.0%	11.0%	729	19.6%
Purex Industries	7.0	706	13.0	7.7	912	12.0
ACF Industries	6.9	707	–33.6	12.2	661	–1.2
Florida Power & Lt	6.9	708	–15.0	17.4	320	45.5
Wm Wrigley Jr	6.9	708	–4.1	12.1	672	21.0
Walter E Heller Intl	6.9	710	8.8	17.1	343	42.9
Heublein	6.8	711	36.9	6.8	938	17.7
Savannah Foods	6.8	711	6129.6	4.3	984	46.4
Greyhound	6.8	713	36.8	5.4	972	3.8
Peoples Energy	6.8	713	6.0	23.8	130	39.2
Tiger International	6.8	713	–55.6	25.5	107	57.5
Allied Corp	6.8	716	141.7	16.5	373	40.8
Commonwealth Energy	6.8	717	–16.6	12.0	679	35.0
Ingersoll-Rand	6.8	717	15.7	13.8	553	26.5
New England Electric	6.8	717	16.6	11.7	694	40.2
American Petrofina	6.7	720	4.0	17.9	294	61.0
Clark Equipment	6.7	721	–36.9	4.2	987	–12.6
Playboy Enterprises	6.7	722	37.4	9.8	808	27.0
Liquid Air	6.6	723	7.5	13.2	592	17.6
Maytag	6.6	724	–2.8	8.3	882	18.0
ASARCO	6.6	725	–68.2	6.2	957	–8.4
Weyerhaeuser	6.6	726	–48.8	11.7	693	5.5
Saga	6.4	727	110.9	17.4	315	29.4
Culbro	6.4	728	D–P	5.3	975	–3.5
J C Penney	6.4	728	32.6	9.5	820	7.1
Crane	6.4	730	17.2	6.6	943	12.5
National Distillers	6.3	731	8.7	8.0	902	2.6
Stewart-Warner	6.3	731	–17.9	6.3	952	–4.5
Alexander & Baldwin	6.3	733	–15.0	7.8	910	7.6
Stop & Shop	6.3	734	6.2	9.1	850	13.9
Varian Associates	6.2	735	P–D	12.5	643	26.4
Texas Utilities	6.1	736	28.9	19.7	231	41.2
Continental Tel	6.1	737	6.5	13.6	566	30.2
Sterling Drug	6.1	738	9.3	11.0	735	20.1
Gould	6.1	739	–29.4	20.3	203	–5.0
Florida Power	6.0	740	28.9	18.2	280	42.1
Central & South West	6.0	741	8.9	19.0	249	30.8
ARA Services	6.0	742	–21.0	15.5	435	25.6
Union Carbide	6.0	742	18.5	12.7	630	15.5
M Lowenstein	6.0	744	274.2	3.2	997	–3.2
First Natl Supermkts	5.9	745	16.8	38.5	30	–3.0
Columbia Gas System	5.9	746	15.1	18.1	286	38.6
Champion Intl	5.9	747	–42.5	8.8	864	10.3
Lane Bryant	5.9	747	17.1	4.2	988	7.6
Dravo	5.9	749	–33.3	13.0	612	41.1
Wetterau	5.8	750	–40.9	13.0	614	37.7
Northern Trust	5.7	751	22.1	16.3	387	61.8
Koppers	5.7	752	–43.3	14.0	536	13.1
Public Service Indiana	5.6	753	–8.1	15.8	411	15.1
Wisconsin Pwr & Lt	5.6	754	23.5	15.8	417	22.8
WICOR	5.6	755	–8.4	17.2	331	33.6
Philadelphia Natl	5.5	756	–5.0	13.5	577	36.7
Diamond Shamrock	5.5	757	–50.7	20.6	191	40.0
Hanna Mining	5.4	758	31.6	4.9	979	–11.8
Hawaiian Electric	5.4	759	0.3	19.4	237	72.2
Amfac	5.3	760	–1.5	10.4	762	26.5
Dayco	5.3	761	–58.4	10.7	748	8.3
Collins & Aikman	5.3	762	1.4	9.7	811	10.5
Manufacturers National	5.3	762	–78.9	17.3	324	49.7
Dillard Dept Stores	5.2	764	52.3	18.9	251	39.4
National Fuel Gas	5.2	764	40.0	17.1	341	41.0
Squibb	5.2	766	–9.9	9.4	832	17.2
Wisconsin Elec Power	5.2	766	2.4	13.7	556	24.9
Bank of New York	5.1	768	8.1	23.1	141	78.3

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product,* which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit.

Who's where in growth

	Earnings per share			Sales		
Company	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
Indianapolis Pwr & Lt	5.1%	769	–6.3%	14.9%	470	2.2%
Zapata	5.1	770	195.1	12.9	620	4.9
St Regis Paper	5.1	771	13.2	13.2	595	14.7
Equifax	5.0	772	53.1	9.1	844	18.7
Household Intl	5.0	773	–40.6	13.9	545	28.8
Allied Maintenance	4.9	774	36.5	10.9	736	18.6
Copperweld	4.9	774	98.5	11.9	683	26.9
Textron	4.9	776	–37.2	8.6	872	1.5
Consumers Power	4.9	777	9.2	13.4	582	32.5
Federal Co	4.9	778	–25.2	15.8	422	34.0
Colgate-Palmolive	4.6	779	7.6	12.1	670	12.9
First Charter Finl	4.6	780	P–D	18.4	273	18.6
Purolator	4.6	780	77.8	11.9	682	40.3
Armstrong World Inds	4.6	782	–1.5	8.7	867	6.6
Kansas Power & Light	4.5	783	8.6	17.3	323	16.7
Genl Tire & Rubber	4.5	784	61.6	7.3	922	12.9
Washington Gas Light	4.5	785	17.0	14.9	469	30.0
Peavey	4.5	786	34.6	8.6	870	33.0
Amer Hoist & Derrick	4.4	787	–0.7	9.0	854	10.5
Southern Calif Edison	4.3	788	14.2	15.9	407	39.7
No States Power	4.3	789	12.8	12.9	617	17.5
Fleetwood Enterprises	4.2	790	–33.0	13.6	573	–23.5
Stokely-Van Camp	4.2	791	4.5	6.0	960	8.9
Goodyear	4.1	792	11.1	9.6	816	13.0
Potomac Elec Power	4.0	793	13.9	13.8	552	27.2
American Cyanamid	4.0	794	11.4	12.3	652	16.3
Gillette	4.0	794	–17.6	10.4	767	17.9
Cincinnati G & E	4.0	796	–8.1	15.1	454	22.2
Intl Tel & Tel	3.9	797	–12.0	9.1	850	4.5
Frederick & Herrud	3.8	798	–89.7	14.9	471	22.1
Republic Steel	3.8	799	116.5	10.5	757	18.8
Rochester Gas & Elec	3.8	799	23.1	12.7	628	38.1
Arizona Public Service	3.8	801	3.3	18.2	279	26.6
N Y State Elec & Gas	3.8	801	–0.5	14.0	538	24.3
Pub Svc Elec & Gas	3.8	801	–9.6	13.2	592	32.7
Boston Edison	3.8	804	41.3	12.6	638	38.7
Burroughs	3.7	805	–92.2	12.5	643	16.0
Safeway Stores	3.7	805	–20.1	10.9	743	18.3
Sears Roebuck	3.7	807	–31.6	8.6	873	7.1
BancOhio	3.7	808	47.9	15.9	405	38.9
Jim Walter	3.6	809	–78.2	9.9	803	8.6
Gas Service	3.6	810	–22.5	17.6	310	26.7
Carter Hawley Hale	3.4	811	–21.1	15.0	461	18.1
Baltimore Gas & Elec	3.3	812	10.3	13.0	607	27.7
Amer Natl Resources	3.3	813	20.4	20.8	186	12.8
GATX	3.3	814	3.0	9.1	843	31.5
Yellow Freight System	3.3	814	–29.5	15.6	430	11.1
KDT Industries	3.2	816	–87.0	16.8	355	41.0
A H Robins	3.2	816	–14.7	12.1	675	14.1
Hoover	3.2	818	P–D	6.5	945	2.7
Sybron	3.2	819	–3.6	8.0	899	10.4
Ceco	3.1	820	10.4	8.4	880	13.0
Easco	3.1	820	66.0	13.3	586	22.6
UMC Industries	3.1	822	–19.1	9.4	828	2.1
Coastal Corp	3.1	823	P–D	35.6	40	46.3
Union Electric	3.1	824	–9.1	13.5	576	9.8
Gulf States Utils	3.0	825	20.7	20.6	191	38.8
So Carolina E & G	2.9	826	18.0	16.0	402	31.2
Olympia Brewing	2.9	827	–89.2	12.0	678	6.2
Carolina Pwr & Lt	2.9	828	11.4	15.9	409	35.9
Amerace	2.8	829	–14.1	7.7	911	3.2
Commercial Metals	2.8	830	–16.1	18.4	270	29.3
Federal Paper Board	2.7	831	43.3	6.4	949	18.4
Middle South Utils	2.7	831	10.0	19.1	246	39.3
Niagara Mohawk Power	2.7%	831	17.7%	13.6%	574	37.8%
Crown Zellerbach	2.7	834	–37.4	11.2	719	14.0
Amer Maize-Products	2.7	835	38.6	12.6	633	17.7
Long Island Lighting	2.6	836	6.9	15.0	461	48.6
Penn Power & Light	2.5	837	3.4	12.6	634	22.2
Marine Midland Banks	2.4	838	35.4	12.6	639	64.2
Pac Gamble Robinson	2.4	839	–7.7	8.9	861	16.3
Detroit Edison	2.4	840	17.6	13.0	614	19.3
Illinois Power	2.4	840	1.1	16.5	370	19.7
Burlington Inds	2.3	842	51.3	5.4	973	22.4
Pacific Gas & Elec	2.3	842	–0.6	19.1	246	39.2
Pacific Pwr & Lt	2.2	844	12.8	23.3	137	52.8
Adolph Coors	2.2	845	–29.1	10.4	764	21.5
Amstar	2.0	846	266.5	3.4	994	74.3
Northwest Airlines	2.0	846	–58.7	13.6	566	47.1
Northwestern Steel	2.0	848	–8.8	9.5	820	11.7
Quaker State Oil	1.9	849	–8.2	20.0	217	34.2
Cleveland Elec Illum	1.8	850	9.5	13.7	561	22.6
Brunswick	1.7	851	38.4	9.0	854	10.0
Citizens & Sthrn Ga	1.7	852	81.0	10.0	795	43.3
Brockway Glass	1.7	853	2.5	14.2	518	26.0
National-Standard	1.3	854	–89.0	8.9	858	–0.7
Associated Dry Goods	1.2	855	17.4	7.0	931	36.3
Central Ill Pub Svc	1.2	855	–7.7	16.5	373	12.7
Utah Power & Light	1.2	855	28.1	23.1	142	26.9
Castle & Cooke	1.2	858	–17.3	15.7	429	28.5
San Diego Gas & Elec	1.2	859	41.0	20.7	188	44.1
First Chicago	1.1	860	–9.7	17.0	347	54.0
Delmarva Power & Lt	1.1	861	–7.7	14.0	540	35.1
Louisville Gas & Elec	0.9	862	37.7	16.1	401	30.6
Allegheny Power	0.8	863	32.8	15.5	436	46.8
Central Soya	0.5	864	–40.0	8.0	895	20.3
Kellwood	0.5	864	–47.8	8.0	901	17.2
Toro	0.5	864	P–D	18.1	287	–31.2
Montana Power	0.5	867	27.1	20.6	196	29.2
Harris Bankcorp	0.4	868	–12.6	17.3	326	53.8
Lukens Steel	0.3	869	32.0	8.0	895	21.8
First Boston	0.3	870	32.1	32.0	55	68.5
Kansas City Pwr & Lt	0.2	871	–7.4	14.6	494	6.2
Phila Electric	0.2	872	12.0	13.0	607	36.6
Central Illinois Lt	0.1	873	11.6	17.9	293	17.5
Western Union	0.0	874	118.1	7.2	927	21.2
Longview Fibre	0.0	875	–77.7	10.0	797	16.7
Certain-teed	–0.2	876	P–D	10.8	745	3.5
Southern Company	–0.4	877	11.6	16.3	392	28.4
CFS Continental	–0.4	878	57.4	15.2	450	22.0
Diamond Intl	–0.5	879	–34.4	10.1	789	14.4
Monsanto	–0.5	880	16.8	12.6	634	19.0
Champion Spark Plug	–0.5	881	–46.9	10.9	736	6.3
Eastern Gas & Fuel	–0.6	882	29.9	11.5	705	29.2
Armstrong Rubber	–0.6	883	D–P	9.7	810	43.5
Saxon Industries	–0.6	884	–48.1	9.0	853	17.1
Commonwealth Edison	–0.7	885	8.0	13.7	559	29.7
Williams Companies	–0.8	886	71.3	15.7	426	13.6
General Motors	–0.8	887	–85.2	11.1	726	1.5
Va Electric & Power	–0.8	887	2.0	17.4	317	19.4
Dayton Power & Light	–0.8	889	34.2	14.4	499	26.9
Warner-Lambert	–0.8	889	–94.5	10.2	786	7.8
AMF	–0.9	891	–68.5	6.4	948	–6.6
McDermott	–0.9	892	99.0	32.4	54	30.0
Libbey-Owens-Ford	–1.1	893	–82.4	10.3	774	7.4
Skyline	–1.2	894	–42.7	4.6	981	–25.7
Consol Petroleum	–1.3	895	–56.4	106.8	1	213.2
Oklahoma Gas & Elec	–1.3	896	6.7	19.8	226	30.1

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product,* which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit.

Who's where in growth

	Earnings per share			Sales		
Company	5-year average*	rank	81† vs 1978-80	5-year average*	rank	81† vs 1978-80
National Steel	–1.3%	**897**	–19.4%	10.3%	**772**	4.2%
Inland Steel	–1.3	**898**	–16.1	10.2	**783**	13.9
Royal Crown Cos	–1.8	**899**	27.2	12.3	**655**	7.9
American Elec Power	–1.8	**900**	–4.3	17.9	**299**	38.6
Interlake	–1.9	**901**	149.6	11.6	**697**	1.6
Toledo Edison	–1.9	**902**	1.0	17.5	**312**	18.0
Marshall Field	–2.1	**903**	8.5	10.3	**777**	26.8
G D Searle	–2.1	**904**	6.0	9.9	**802**	2.9
Northeast Utilities	–2.1	**905**	4.4	12.0	**677**	48.7
Avondale Mills	–2.7	**906**	–18.1	7.6	**914**	6.9
Public Service Colo	–2.9	**907**	25.4	19.6	**232**	38.5
Pettibone	–3.1	**908**	P–D	12.2	**660**	3.3
J P Stevens	–3.2	**909**	P–D	8.7	**868**	9.0
Ohio Edison	–3.5	**910**	17.1	15.0	**464**	23.8
G C Murphy	–3.6	**911**	58.8	7.8	**907**	7.5
Chic Pneumatic Tool	–3.6	**912**	–59.9	11.2	**720**	12.3
Tesoro Petroleum	–3.7	**913**	12.3	31.7	**58**	28.4
Beneficial Corp	–3.8	**914**	P–D	8.0	**899**	6.5
Harnischfeger	–4.4	**915**	283.1	14.2	**523**	16.2
Reichhold Chemicals	–4.7	**916**	59.9	15.8	**413**	14.7
Phelps Dodge	–4.8	**917**	12.9	6.5	**946**	15.7
No Indiana Pub Svc	–4.8	**918**	2.6	19.5	**235**	30.2
Kentucky Utilities	–5.1	**919**	–3.8	15.0	**464**	25.0
Duquesne Light	–5.2	**920**	15.2	14.1	**535**	22.7
Gibraltar Financial	–5.4	**921**	P–D	23.3	**135**	31.8
Outboard Marine	–5.4	**922**	78.2	8.0	**903**	11.9
Edward Hines Lumber	–6.0	**923**	P–D	10.1	**789**	–14.0
United States Steel	–6.4	**924**	982.2	9.4	**826**	15.8
Gino's	–6.5	**925**	–42.9	9.1	**847**	1.1
Portland Genl Elec	–6.8	**926**	50.3	20.3	**202**	50.2
Akzona	–6.8	**927**	–14.8	7.5	**916**	21.7
Graniteville	–7.5	**928**	–32.7	7.8	**909**	16.9
Bell & Howell	–8.0	**929**	570.5	7.4	**921**	18.6
Sherwin-Williams	–8.0	**930**	129.6	8.7	**868**	17.1
Ramada Inns	–8.2	**931**	P–D	11.4	**706**	13.9
Fedl Natl Mortgage	–8.2	**932**	P–D	14.9	**466**	30.4
General Public Utils	–8.4	**933**	–75.7	14.0	**542**	29.5
McLean Trucking	–8.7	**934**	P–D	14.6	**492**	3.0
Wheeling-Pitts Steel	–9.3	**935**	–35.3	6.4	**950**	5.2
Mohasco	–10.2	**936**	32.9	5.7	**970**	–7.1
Ford Motor	–10.4	**937**	P–D	10.9	**739**	–4.1
Sheller-Globe	–10.8	**938**	1330.9	10.0	**798**	–10.0
Kane-Miller	–11.4	**939**	112.6	3.2	**998**	–7.1
Pittston	–11.9	**940**	–38.3	9.9	**803**	31.7
Intl Harvester	–12.8	**941**	P–D	8.4	**878**	6.5
Inco	–13.1	**942**	–59.7	10.7	**750**	13.1
Pabst Brewing	–14.0	**943**	P–D	6.3	**954**	4.3
Zenith Radio	–14.0	**944**	–11.2	3.5	**993**	16.2
U S Industries	–14.8	**945**	P–D	–3.7	**1014**	–15.9
Western Air Lines	–15.3	**946**	P–D	13.6	**564**	17.2
Fidelcor	–15.7	**947**	2873.3	6.9	**936**	38.7
Fisher Foods	–16.4	**948**	204.1	5.8	**966**	8.3
Amdahl	–17.7	**949**	–13.4	23.0	**143**	26.3
Bethlehem Steel	–17.8	**950**	13.8	7.5	**916**	9.9
Bird & Son	–18.5	**951**	P–D	12.3	**654**	–6.3
Telecom	–19.7	**952**	P–D	31.9	**56**	92.0
Questor	–22.0	**953**	25.0	3.7	**990**	8.5
El Paso	–22.5	**954**	D–P	18.8	**259**	38.4
Alexander's	–24.3	**955**	P–D	6.4	**950**	12.9
Allied Products	–26.3	**956**	–74.1	3.5	**992**	–13.7
Macmillan	–27.	**957**	D–P	3.3	**996**	–11.7
Munford	–29.	**958**	910.2	5.4	**974**	17.4
Republic Airlines	–31.6	**959**	P–D	35.8	**38**	134.5
Keystone Consolidated	–49.4	**960**	D–P	5.8	**966**	5.5
Westmoreland Coal	–51.6%	**961**	P–D	4.7%	**980**	21.6%
Firestone	–55.5	**962**	D–P	6.8	**937**	–10.4
AM International	P–D	**963**	P–D	7.8	**907**	15.3
American Motors	P–D	**963**	D–D	6.1	**958**	–4.6
Borman's	P–D	**963**	P–D	11.7	**695**	11.8
Braniff Intl	P–D	**963**	D–D	17.3	**329**	1.9
Cal-Maine Foods	P–D	**963**	D–D	10.3	**776**	–1.6
Chrysler	P–D	**963**	D–D	0.9	**1008**	–6.7
Continental Airlines	P–D	**963**	P–D	14.0	**544**	14.0
Envirotech	P–D	**963**	D–D	7.6	**915**	–24.4
First Pennsylvania	P–D	**963**	D–D	8.5	**875**	–13.8
GAF	P–D	**963**	D–P	0.0	**1010**	–28.8
General Host	P–D	**963**	P–D	–0.9	**1011**	–23.6
General Refractories	P–D	**963**	P–D	8.9	**858**	–8.7
Goldblatt Brothers	P–D	**963**	D–D	0.7	**1009**	–29.1
Gulf Resources & Chem	P–D	**963**	P–D	15.1	**452**	–13.8
Interstate Bakeries	P–D	**963**	P–D	9.4	**832**	11.8
Jonathan Logan	P–D	**963**	D–D	4.0	**989**	–1.5
Massey-Ferguson	P–D	**963**	D–D	8.4	**876**	–7.4
McLouth Steel	P–D	**963**	D–D	9.9	**807**	4.9
Monfort of Colorado	P–D	**963**	D–P	13.8	**555**	34.7
Pantry Pride	P–D	**963**	D–D	–4.6	**1017**	–31.9
Peabody Intl	P–D	**963**	P–D	12.1	**674**	8.5
Penn-Dixie Inds	P–D	**963**	D–D	1.0	**1005**	–27.2
Sambo's Restaurants	P–D	**963**	D–D	18.8	**257**	–10.1
Jos Schlitz Brewing	P–D	**963**	D–D	2.3	**1002**	–0.9
Scot Lad Foods	P–D	**963**	18.4%	2.7	**1000**	7.8
Talley Industries	P–D	**963**	D–D	3.7	**991**	–16.7
Uniroyal	P–D	**963**	D–P	3.2	**998**	–9.4
United Merch & Mfrs	P–D	**963**	D–P	–7.3	**1019**	4.3
Vornado	P–D	**963**	P–D	–4.5	**1016**	–13.2
Allied Supermarkets	D–D	**992**	D–P	–7.3	**1020**	–3.8
Commonwealth Oil Rfg	D–D	**992**	D–D	8.1	**893**	0.4
Genesco	D–D	**992**	239.8	–6.0	**1018**	–29.2
Great Atl & Pac Tea	D–D	**992**	D–D	1.0	**1006**	0.2
Rath Packing	D–D	**992**	D–D	0.9	**1007**	30.2
Wilson Foods	D–D	**992**	P–D	4.5	**982**	4.2
Caesars World	Z–P		99.5	27.2	**92**	96.6
Arden Group	D–P		48.1	–3.9	**1015**	11.8
Bangor Punta	D–P		48.2	20.3	**206**	7.9
CNA Financial	D–P		–44.6	8.3	**886**	16.1
Columbia Pictures	D–P		–14.9	16.4	**382**	7.2
Cook United	D–P		–37.6	–1.5	**1012**	26.8
Eastern Air Lines	D–P		P–D	14.4	**504**	28.3
Foodarama Supermkts	D–P		13.1	6.1	**959**	4.2
GEICO	D–P		3.8	3.3	**995**	4.2
Hartfield-Zodys	D–P		–47.8	8.8	**862**	12.7
LTV	D–P		131.7	30.7	**65**	50.2
Mattel	D–P		P–D	16.6	**367**	28.4
Memorex	D–P		P–D	24.1	**121**	10.9
National Tea	D–P		3.8	–2.2	**1013**	20.2
Pan Am World Airways	D–P		144.1	14.2	**518**	37.5
Pueblo International	D–P		–28.3	–8.6	**1021**	27.8
Reliance Group	D–P		–32.7	10.0	**801**	14.0
Revere Copper	D–P		–24.9	9.2	**842**	–2.6
Rohr Industries	D–P		–5.6	2.1	**1003**	39.3
Shopwell	D–P		17.9	8.6	**870**	27.3
Singer	D–P		D–P	2.5	**1001**	9.7
Todd Shipyards	D–P		70.4	18.9	**254**	37.2
Valero Energy	D–P		210.3	20.5	**199**	61.9
L B Foster	**		83.6	**		41.8
Seatrain Lines	**		**	**		**
Swift Independent	**		**	8.4	**880**	12.0

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.2%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit, not ranked. D-D: deficit to deficit. Z-P: zero to profit, not ranked. **Not available; not ranked.

The stock market's failure to stay abreast of the inflation rate is appalling in general. But this is one case where the median isn't the only message.

Who's where in the stock market

YOU'RE READING THIS, let's say, sometime between choruses of *Good King Wenceslas* and *Auld Lang Syne*. Dry needles gently dropping from the Christmas tree are building a fire hazard at the base, gift boxes are still making a mess someplace, but the bills from the department stores have not yet arrived. You are, in short, midway between your holiday high and your postholiday depression. A perfect state of mind in which to contemplate the tables on the following pages.

The failure of the stock market as a whole to keep abreast of inflation is worrisome. The five-year period through which we tracked the stock prices of the 1,000 companies ranked in these tables begins at the market close on Dec. 31, 1976 and ends with closing prices on Nov. 18, 1981. Through most of that time inflation as measured by the Consumer Price Index got increasingly severe—the CPI rose 60.6%. Two of every three companies ranked—666 out of 1,000—failed to keep pace. The median gain of all 1,000 was just 27%. Bad as that may be, it could have been worse. Over the same period the Dow Jones industrial average was *down* 16%, the S&P's 500 up just 12%. Even the Wilshire 5000, the broadest market measure of all, was up just 33%—better than most of the 1,000 companies we have tracked here but far behind the inflation rate.

The sense of unease deepens in light of the fact that the period measured was, all things considered, generally favorable to the stock market for such a comparison. True, the market in 1977 was peaking after its recovery from the 1974-75 recession, but it was to take off again in 1978 and stay strong for much of the next three years.

But it must be kept in mind that the median is not always the message—at least not the only message. Of the 334 stocks ranked that equaled or bettered the inflation rate, some did so spectacularly. Suppose at holiday time five years ago, the Spirit of Christmases to Come had visited you and said "Small Computers" or "Health Care"—but not "Plastics." And suppose you had had the sense to look for well-managed companies in those areas and decided to invest in Wang Laboratories (up 1,899%) or Humana (up 1,148%). If you had, it's possible your postholiday depression wouldn't come at all this year.

Who's where in the stock market

Rank		Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
81	80										
1	*	**First Executive**	**2,407.1%**	13 – ⅜	8⅞	10.5	**$ 93**	$1.06	8	none	0.0%
2	2	**Wang Laboratories**	**1,899.0**	45⅝– 1¾	30⅝	59.6	**1,825**	1.45	21	$0.12	0.4
3	9	**Subaru of America**	**1,588.9**	40⅝– 1¾	38	6.1	**230**	4.09	9	0.52	1.4
4	28	**Storage Technology**	**1,226.6**	40⅜– 2½	36⅜	28.5	**1,037**	2.25	16	none	0.0
5	12	**Chic & North Western**	**1,225.0**	36⅜– 1⅝	19⅞	13.3	**265**	3.41	6	none	0.0
6	6	**Humana**	**1,148.3**	46⅜– 2½	35⅝	36.9	**1,315**	2.33	15	0.90	2.5
7	*	**Western Co No Amer**	**1,062.5**	32⅛– 1⅞	23¼	44.6	**1,038**	2.04	11	0.24	1.0
8	*	**M/A-Com**	**933.4**	35½– 2⅜	26⅛	38.2	**997**	1.05	25	0.12	0.5
9	5	**Natl Medical Entrprs**	**868.6**	28¾– 1⅞	18½	45.1	**834**	1.32	14	0.40	2.2
10	4	**Caesars World**	**814.0**	36⅛– ⅞	8⅛	26.5	**216**	1.33	6	none	0.0
11	*	**Federal Express**	**793.3‡‡**	72¼– 6	58⅝	19.7	**1,154**	3.27	18	none	0.0
12	16	**Waste Management**	**675.0**	41⅛– 4	34⅞	42.5	**1,484**	1.81	19	0.40	1.1
13	*	**Anixter Brothers**	**637.7**	20⅞– 1¾	13⅜	14.0	**188**	1.31	10	0.16	1.2
14	60	**Todd Shipyards**	**600.0**	34 – 4⅝	28⅞	5.1	**147**	5.06	6	1.00	3.5
15	59	**Warner Communications**	**597.8**	58½– 7¼	52½	61.3	**3,219**	3.15	17	0.68	1.3
16	102	**Piedmont Aviation**	**586.1**	32⅛– 3⅝	27⅞	6.5	**181**	4.26	7	0.24	0.9
17	47	**Tandy**	**557.5**	39⅛– 2¾	34⅝	102.9	**3,564**	1.79	19	none	0.0
18	82	**Natl Convenience Strs**	**547.2**	14¾– 2¼	14⅛	7.5	**110**	1.45	10	0.60	4.1
19	89	**SCOA Industries**	**529.2**	32 – 4⅝	30⅞	9.9	**304**	2.94	11	0.96	3.1
20	171	**Bergen Brunswig**	**525.0**	34¼– 3¾	30	5.7	**170**	2.09	14	0.48	1.6
21	10	**Texas Oil & Gas**	**518.4**	41¾– 5⅛	34½	95.2	**3,285**	2.01	17	0.24	0.7
22	54	**Zapata**	**511.9**	40 – 4⅛	32⅜	21.2	**692**	3.59	9	0.40	1.2
23	19	**General Instrument**	**502.7**	46¾– 5¾	40⅛	30.7	**1,232**	2.71	15	0.42	1.0
24	77	**E F Hutton Group**	**496.2**	47 – 4½	42⅛	17.1	**721**	4.37	10	0.80	1.9
25	26	**Whittaker**	**492.0**	50⅞– 4¼	37	15.2	**564**	4.28	9	1.60	4.3
26	31	**Gates Learjet**	**489.3**	29⅛– 3	19⅜	11.5	**223**	1.54	13	0.20	1.0
27	14	**Nucor**	**485.2**	82¼– 7¾	52¼	6.9	**363**	4.71	11	0.48	0.9
28	151	**Farm House Foods**	**474.6**	7⅛– ⅞	7⅛	7.1	**50**	0.53	13	none	0.0
29	51	**Metromedia**	**469.4**	161¼–24⅜	158	4.0	**627**	13.74	11	5.00	3.2
30	15	**Amer Medical Intl**	**465.8**	32¾– 3½	25⅜	32.0	**812**	1.60	16	0.52	2.0
31	213	**Sysco**	**463.4**	42¼– 6⅛	40⅜	9.7	**391**	2.96	14	0.48	1.2
32	53	**Columbia Pictures**	**456.5**	45⅜– 7⅜	43⅛	8.0	**344**	4.29	10	0.60	1.4
33	36	**G Heileman Brewing**	**453.0**	32⅝– 4⅜	26⅝	13.2	**352**	2.98	9	0.72	2.7
34	29	**Berkshire Hathaway**	**447.9**	525 –85	515	1.0	**508**	38.91	13	none	0.0
35	24	**Parsons**	**438.5**	54½– 6⅜	34½	12.4	**426**	2.76	13	1.00	2.9
36	152	**Wal-Mart Stores**	**435.5**	43⅞– 5⅞	41½	32.4	**1,343**	2.14	19	0.26	0.6
37	65	**Hospital Corp of Am**	**421.1**	50⅝– 5⅞	36⅛	51.8	**1,870**	2.10	17	0.34	0.9
38	1	**Resorts Intl**	**418.8**	70 – 2¾	18⅜	9.7	**179**	0.14	NM	none	0.0
39	*	**Toys "R" Us**	**417.7‡‡**	33¼– 3⅝	29⅝	20.6	**612**	1.47	20	none	0.0
40	38	**Handy & Harman**	**408.6**	34½– 4⅞	25¾	13.8	**355**	1.69	15	0.60	2.3
41	66	**Kelly Services**	**394.9**	50 – 9⅛	48½	4.4	**214**	3.99	12	1.10	2.3
42	137	**Thriftimart**	**384.9**	45 – 6½	32⅛	0.9	**29**	7.33	4	1.60	5.0
43	58	**EG&G**	**379.4**	48⅝– 7⅞	40¼	14.2	**577**	2.24	18	0.64	1.6
44	161	**Big V Supermarkets**	**379.1**	14 – 2⅜	12⅜	3.1	**39**	1.99	6	0.34	2.7
45	11	**Teledyne**	**370.9**	174¼–21¼	142	20.7	**2,933**	19.14	7	none	0.0
46	25	**Reliance Group**	**370.0**	100¼–18½	94	6.4	**600**	9.25	10	3.00	3.2
47	*	**Reading & Bates**	**369.6**	39⅞– 5	24	27.8	**667**	2.84	8	0.80	3.3
48	139	**Brown-Forman Dist**	**366.7**	34⅜– 6⅞	33¼	25.2	**837**	2.87	12	0.76	2.3
49	20	**Cincinnati Milacron**	**354.9**	46¾– 5	26¼	22.6	**594**	2.06	13	0.72	2.7
50	8	**Tosco**	**352.0**	45⅛– 3⅝	20⅝	21.9	**452**	–0.87	def	none	0.0
51	122	**Food Town Stores**	**350.0**	38¾– 4⅞	35¼	8.7	**305**	2.23	16	0.20	0.6
52	32	**Mission Insurance**	**346.8**	49¼– 7⅛	35½	7.9	**280**	5.69	6	1.00	2.8
53	27	**Murphy Oil**	**332.1**	64 – 7½	33⅛	37.0	**1,225**	4.57	7	0.75	2.3
54	150	**Tyson Foods**	**332.0**	17¾– 3	13½	3.9	**52**	0.55	25	0.16	1.2
55	41	**Cullum Companies**	**326.5**	34½– 5⅛	22	4.1	**90**	3.42	6	1.00	4.5
56	18	**Litton Industries**	**320.7**	90¼–10½	56⅛	40.2	**2,257**	7.60	7	1.40	2.5
57	75	**ConAgra**	**315.8**	23¼– 3⅞	17½	13.1	**229**	2.24	8	0.86	4.9
58	56	**Cameron Iron Works**	**315.4**	67 – 8½	45	30.4	**1,369**	3.75	12	0.40	0.9
59	270	**Dean Witter Reynolds**	**314.9**	51⅜– 8	49⅜	12.1	**599**	4.71	10	0.80	1.6
60	120	**Sigmor**	**313.3**	24 – 4	17¼	17.1	**295**	2.07	8	0.50	2.9
61	3	**Mitchell Energy & Dev**	**312.7**	45⅝– 3⅞	23	47.9	**1,102**	2.24	10	0.24	1.0
62	64	**Santa Fe Intl**	**308.8**	47⅛– 9⅛	46⅛	48.9	**2,256**	3.54	13	0.50	1.1
63	110	**Republic New York**	**304.7**	41½– 7⅞	36¼	10.9	**394**	5.16	7	1.20	3.3
64	155	**Lockheed**	**304.1**	48¼– 8⅞	37⅜	11.9	**446**	4.56	8	none	0.0

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.

*Not ranked last year. ‡‡Three-year price change. def: deficit. NM: not meaningful.

Who's where in the stock market

Rank		Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
81	80										
65	119	Baldwin-United	296.3%	56 –13	54	10.2	$ 549	$6.54	8	$1.60	3.0%
66	*	Servicemaster Inds	295.9	29¾– 6½	26	14.7	383	1.14	23	0.84	3.2
67	79	NL Industries	287.9	48⅝– 7⅞	40	66.4	2,657	3.99	10	1.00	2.5
68	173	Frontier Airlines	284.2	28¾– 5⅛	21⅛	8.6	182	3.87	5	0.20	0.9
69	30	Cabot	283.1	36⅝– 6¼	27⅜	31.6	864	3.50	8	0.92	3.4
70	13	Kay	283.1	31⅝– 3⅜	13⅝	3.6	48	–1.12	def	0.75	5.5
71	101	Geosource	282.8‡	66⅝– 9¾	44½	14.0	622	4.06	11	0.58	1.3
72	22	Parker Drilling	279.8	36¾– 4⅞	19⅝	28.9	566	2.75	7	0.16	0.8
73	*	Std Comml Tobacco	275.0	24 – 5	18	1.7	30	5.88	3	0.45	2.5
74	214	Zayre	273.8	31¼– 6	28½	5.5	156	4.54	6	0.40	1.4
75	*	Worthington Inds	266.0	24¾– 6¼	22½	12.4	278	2.00	11	0.60	2.7
76	129	Alleghany	265.1	49 –11⅞	47	9.4	441	5.82	8	1.08	2.3
77	17	Fairchild Industries	260.4	33⅞– 3¾	13⅞	13.0	180	4.20	3	0.80	5.8
78	242	Keystone Foods	258.2	18¾– 3¾	15¼	3.1	48	1.51	10	0.20	1.3
79	46	Bally Manufacturing	256.3	48⅝– 7½	28½	25.8	735	2.91	10	0.10	0.4
80	52	Morrison-Knudsen	251.6	46½– 6⅞	24	9.7	233	3.62	7	1.10	4.6
81	141	Browning-Ferris Inds	250.8	37⅜– 7½	29⅜	19.1	561	2.30	13	0.84	2.9
82	132	Perini	249.2	33 – 7	28⅜	3.5	98	4.09	7	0.60	2.1
83	421	Warnaco	247.6	29¼– 5⅞	24	4.1	97	4.58	5	1.00	4.2
84	55	Superior Oil	245.5	50¼– 7¼	32¾	127.2	4,166	3.03	11	0.16	0.5
85	105	SmithKline	244.6	88⅜–15½	68⅜	66.7	4,561	5.31	13	2.32	3.4
86	78	SEDCO	244.5	49 – 8⅛	33⅞	32.5	1,102	3.28	10	0.44	1.3
87	63	Dorchester Gas	244.4	29⅜– 4¼	19⅜	18.0	348	1.72	11	0.16	0.8
88	21	Empire	242.8	49½– 4⅝	15¾	3.5	55	0.87	18	0.40	2.5
89	96	Hilton Hotels	239.9	52¼– 8½	38⅞	26.5	1,032	4.12	9	1.80	4.6
90	74	Freeport-McMoran	238.9	40½– 4½	24¾	69.2	1,713	2.61	9	0.60	2.4
91	130	Blount	238.5	21⅜– 3½	16½	5.6	93	1.52	11	0.48	2.9
92	50	Belco Petroleum	235.0	37⅞– 7⅝	27¼	23.8	649	4.36	6	0.60	2.2
93	644	GEICO	229.8	24½– 5	23½	21.8	511	3.15	7	0.48	2.0
94	159	Bausch & Lomb	227.9	70 –14⅛	47¾	11.9	568	3.18	15	1.56	3.3
95	172	Baker International	227.8	53½–10⅝	36⅞	66.9	2,468	3.36	11	0.60	1.6
96	103	Wyman-Gordon	226.3	27 – 7⅛	23¼	19.1	444	2.85	8	0.80	3.4
97	191	James River Corp Va	225.3	23⅜– 3⅞	16⅜	8.4	140	2.63	6	0.40	2.4
98	83	Thiokol	224.7	39 – 9⅝	31¼	11.5	358	2.94	11	1.10	3.5
99	116	Pacific Resources	221.7	16½– 3⅜	13¼	10.5	139	0.78	17	0.56	4.2
100	*	Palm Beach	217.9	29⅜– 7⅝	25¾	3.7	94	4.64	6	1.20	4.7
101	111	Meredith	217.8	66½–17¼	60⅜	3.2	192	8.38	7	1.60	2.7
102	251	Seaboard Allied Milling	216.9	34 – 8⅛	25¾	1.5	38	4.44	6	0.50	1.9
103	*	Donaldson, Lufkin	205.7	14 – 2½	13⅜	9.4	126	1.19	11	0.20	1.5
104	246	Idle Wild Foods	203.7	27 – 6⅞	20¼	1.8	36	4.43	5	0.80	4.0
105	107	Dover	203.3	32⅜– 8¾	28⅝	35.8	1,025	2.52	11	0.66	2.3
106	126	Super Valu Stores	201.0	19½– 5⅜	18¼	36.6	668	1.66	11	0.48	2.6
107	115	Avnet	199.6	60½–12½	48	17.0	818	3.78	13	1.00	2.1
108	35	Natomas	197.9	45¾– 7¾	24⅝	51.8	1,277	4.23	6	1.20	4.9
109	373	Northwest Industries	197.3	70½–21¾	68⅜	24.9	1,705	7.98	9	2.68	3.9
110	229	McGraw-Hill	197.0	56 –15⅜	50⅛	24.8	1,245	3.79	13	1.68	3.4
111	235	Hughes Tool	196.2	48⅝– 9⅝	38¾	54.9	2,128	4.09	9	0.68	1.8
112	*	Penn Central	195.8‡‡	48⅞–13⅞	44	21.3	938	5.50	8	none	0.0
113	174	Republic Finl Svcs	194.9	30 – 7⅝	28¾	7.0	202	3.37	9	1.20	4.2
114	45	United Energy Resources	192.4	56 –12⅞	40¾	27.8	1,134	7.56	5	1.92	4.7
115	23	Foster Wheeler	189.8	30½– 4⅞	15⅛	34.4	520	1.78	8	0.44	2.9
116	95	Signal Companies	189.5	36½– 8	24⅛	72.2	1,742	3.05	8	0.84	3.5
117	121	Pioneer	188.3	33⅛– 6⅛	26⅛	37.3	973	2.92	9	1.00	3.8
118	164	Control Data	187.4	42⅛– 9¼	37	37.1	1,374	4.08	9	0.50	1.4
119	696	Univar	187.4	34¾– 6¾	31¼	5.6	174	3.65	9	0.68	2.2
120	34	Trinity Industries	182.3	30¾– 4	15	15.5	233	2.99	5	0.50	3.3
121	352	Dow Jones	180.3	55¼–14⅝	47⅛	31.4	1,430	2.16	22	0.92	2.0
122	318	General Cinema	179.8	39⅜–10⅜	37¼	11.0	410	3.42	11	0.96	2.6
123	39	Hanover Insurance	178.7	36¾–11½	36	5.1	184	8.24	4	0.72	2.0
124	94	Schlumberger	175.8	87⅛–16⅝	52½	289.7	15,211	4.24	12	0.80	1.5
125	68	Harris Corp	174.6	60¼–14	40½	31.2	1,264	3.40	12	0.88	2.2
126	221	Walgreen	174.1	54¾–14⅞	49	7.4	361	5.82	8	2.00	4.1
127	205	Ruddick	173.7	15 – 4¾	13	2.3	30	2.17	6	0.56	4.3
128	178	Marathon Oil	173.2	90 –19⅞	77	58.7	4,519	6.05	13	2.00	2.6

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Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
129	273	**Raychem**	**171.1%**	88 - 18⅞	51½	9.0	**$ 463**	$4.33	12	$0.44	0.9%
130	278	**Fred Meyer**	**170.7**	52¼ - 16¼	52¼	7.4	**386**	3.73	14	0.80	1.5
131	281	**Central Steel & Wire**	**170.3**	300 -111	300	0.3	**95**	71.68	4	20.00	6.7
132	112	**Petrolane**	**169.9**	26⅜ - 6⅛	17⅛	52.0	**890**	1.90	9	0.42	2.5
133	133	**Raytheon**	**166.9**	55⅝ - 13½	40⅛	84.1	**3,397**	3.74	11	1.20	3.0
134	86	**Dean Foods**	**166.8**	25¼ - 6⅞	20¼	6.1	**126**	2.72	8	0.60	2.9
135	277	**Electronic Data Syst**	**163.9**	29⅝ - 6⅞	23¾	28.0	**665**	1.46	16	0.60	2.5
136	81	**Charter**	**163.3**	50 - 3¼	9⅞	21.6	**213**	0.59	17	1.00	10.1
137	142	**Washington Post**	**163.0**	33 - 10¼	32⅞	14.1	**462**	2.11	16	0.50	1.5
138	258	**Capital Cities Commun**	**161.6**	80½ - 22⅛	73⅛	13.0	**960**	5.94	12	0.20	0.3
139	366	**Mercantile Texas**	**159.8**	36⅛ - 12⅛	33⅛	17.3	**574**	3.49	9	1.00	3.0
140	265	**Nationwide**	**159.2**	24¼ - 9½	24⅝	10.3	**253**	3.03	8	0.70	2.8
141	476	**Arden Group**	**158.3**	5⅛ - 1½	3⅞	3.3	**13**	0.77	5	none	0.0
142	478	**American Intl Group**	**157.6**	66 - 20	65¼	57.2	**3,731**	5.77	11	0.40	0.6
143	244	**Supermarkets General**	**156.7**	22¼ - 6¼	19¼	8.2	**159**	3.10	6	0.60	3.1
144	257	**Turner Construction**	**156.5**	33⅝ - 11½	29½	2.1	**61**	4.23	7	1.60	5.4
145	566	**G D Searle**	**156.2**	35½ - 10⅝	33⅝	51.9	**1,744**	1.64	21	0.52	1.5
146	87	**Sun Chemical**	**155.8**	32 - 8⅞	23⅞	7.5	**179**	4.33	6	0.48	2.0
147	124	**Circle K**	**152.4**	17½ - 5⅛	13¼	9.9	**131**	1.73	8	0.74	5.6
148	*	**Barnett Banks Fla**	**151.6**	29⅝ - 9½	26	13.6	**353**	3.02	9	0.96	3.7
149	109	**Union Oil California**	**151.5**	36½ - 11½	37¼	173.6	**6,467**	4.22	9	1.00	2.7
150	182	**Ryder System**	**151.4**	40½ - 10⅞	30⅜	20.1	**615**	3.82	8	1.08	3.5
151	395	**Rite Aid**	**151.3**	36¼ - 10½	32¼	14.0	**460**	2.73	12	0.66	2.0
152	149	**Cities Service**	**150.8**	69⅛ - 15	49¼	83.3	**4,147**	4.01	12	1.60	3.2
153	245	**Earle M Jorgensen**	**150.0**	28¼ - 9¼	26¼	7.1	**186**	4.10	6	1.00	3.8
154	377	**Marriott**	**147.5**	47 - 8¼	33½	25.5	**854**	3.05	11	0.30	0.9
155	103	**Cooper Industries**	**147.2**	62 - 19¼	49¼	44.0	**2,189**	5.05	10	1.24	2.5
156	408	**H H Robertson**	**144.1**	31¼ - 10⅞	31⅛	4.7	**148**	6.02	5	1.30	4.2
157	146	**Carpenter Technology**	**143.9**	51⅝ - 17	43¾	8.6	**376**	5.47	8	2.10	4.8
158	790	**Purolator**	**143.2**	48⅞ - 13	46	6.5	**300**	4.00	12	1.04	2.3
159	179	**Loews**	**142.5**	107⅞ - 27⅛	87	12.9	**1,119**	19.56	4	1.20	1.4
160	62	**Bangor Punta**	**141.7**	29⅛ - 7½	18⅛	7.1	**128**	5.68	3	0.80	4.4
161	157	**Paine Webber**	**139.7**	27⅞ - 5¼	20⅛	9.5	**194**	1.06	19	0.44	2.2
162	416	**Deluxe Check Printers**	**139.4**	30⅜ - 11½	29⅝	23.0	**680**	2.33	13	1.00	3.4
163	216	**Flowers Industries**	**139.2**	18⅝ - 6⅞	16⅞	6.0	**101**	2.35	7	0.74	4.4
164	342	**Foremost-McKesson**	**138.7**	40⅜ - 15	37	15.2	**561**	4.49	8	2.24	6.1
165	106	**Parker Pen**	**136.5**	26 - 5½	14¼	17.1	**253**	1.49	10	0.52	3.5
166	272	**Commercial Metals**	**136.4**	26 - 4½	17⅜	4.4	**76**	2.53	7	0.44	2.5
167	67	**Sundstrand**	**135.8**	59½ - 15¼	42	18.2	**763**	5.05	8	1.80	4.3
168	201	**Arkla**	**134.2**	21 - 7⅛	17⅝	50.3	**883**	1.70	10	0.80	4.6
169	312	**Abbott Laboratories**	**134.1**	32¼ - 9¼	28¼	123.1	**3,538**	1.92	15	0.72	2.5
170	357	**Seagram**	**134.0**	65¼ - 19¼	55	30.1	**1,656**	9.16	6	1.80	3.3
171	576	**Marine Midland Banks**	**131.7**	25 - 10	23¼	19.1	**455**	3.88	6	1.25	5.3
172	48	**Boeing**	**131.3**	45⅞ - 8⅛	23	96.5	**2,218**	5.63	4	1.40	6.1
173	42	**Holly Corp**	**130.8**	19⅜ - 4⅝	11¼	8.5	**95**	0.67	17	none	0.0
174	526	**Texas Commerce Bshs**	**130.5**	45 - 15⅞	43½	29.9	**1,299**	4.35	10	1.10	2.5
175	88	**Fluor**	**129.4**	71 - 9⅞	29¼	77.8	**2,275**	2.55	11	0.80	2.7
176	165	**Burlington Northern**	**129.0**	77 - 17½	50⅝	42.4	**2,136**	6.83	7	1.52	3.0
177	166	**Smith International**	**128.8**	70¼ - 13¾	45¾	22.5	**1,031**	5.48	8	0.80	1.7
178	499	**Albertson's**	**128.1**	28¾ - 9¼	26⅜	14.9	**392**	3.03	9	0.88	3.3
179	80	**E-Systems**	**125.9**	55⅝ - 14⅝	49⅛	7.0	**344**	2.94	17	1.00	2.0
180	71	**NVF**	**125.7**	7½ - ⅞	2⅞	83.5	**240**	0.35	8	0.15	5.2
181	293	**Pay Less Drug NW**	**125.1**	18½ - 5⅝	15⅛	8.8	**133**	1.65	9	0.38	2.5
182	136	**U S Air**	**125.0**	26⅛ - 3⅝	11¼	17.1	**192**	3.84	3	0.12	1.1
183	315	**R H Macy**	**124.5**	66½ - 21⅛	52	16.4	**851**	7.40	7	1.75	3.4
184	91	**General Dynamics**	**124.4**	44⅞ - 7½	24⅛	54.4	**1,312**	2.61	9	0.72	3.0
185	500	**Holiday Inns**	**122.9**	33¼ - 11⅛	29¼	31.2	**914**	3.61	8	0.74	2.5
186	316	**Alco Standard**	**122.8**	21⅝ - 9⅛	20¼	18.9	**391**	2.88	7	1.08	5.2
187	360	**Reeves Brothers**	**120.9**	53½ - 20¼	47½	2.4	**112**	9.47	5	2.52	5.3
188	128	**Combustion Engnrng**	**120.9**	54¾ - 15¼	37	33.0	**1,221**	4.11	9	1.60	4.3
189	498	**Sonoco Products**	**120.4**	30 - 10⅞	25½	11.0	**281**	3.33	8	1.10	4.3
190	551	**Allied Van Lines**	**120.0**	8⅞ - 2	8¼	1.2	**10**	2.48	3	0.20	2.4
191	508	**Curtice-Burns**	**119.8**	25½ - 10¾	24½	1.6	**38**	3.88	6	1.20	4.9
192	167	**Pneumo**	**119.7**	36¾ - 10	23¼	4.7	**108**	3.70	6	0.80	3.4

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.

*Not ranked last year.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
193	114	**Standard Oil Ohio**	**118.2%**	91½–14½	41⅞	245.8	**$10,292**	$7.91	5	$2.40	5.7%
194	219	**Perkin-Elmer**	**117.9**	36⅛– 8⅜	22⅞	42.5	**972**	1.75	13	0.50	2.2
195	135	**Pennzoil**	**117.7**	62½–17½	48¼	51.1	**2,467**	4.65	10	2.20	4.6
196	286	**American General**	**116.7**	46½–17¼	43⅞	24.5	**1,077**	6.84	6	2.00	4.6
197	92	**Dynalectron**	**115.6**	17⅜– 2¼	8⅝	8.6	**74**	1.38	6	0.10	1.2
197	113	**Northrop**	**115.6**	63 –18⅜	51¾	14.9	**774**	3.24	16	1.80	3.5
199	44	**Transco Companies**	**114.8**	64¼–16⅝	41⅝	23.5	**978**	5.06	8	1.60	3.8
200	190	**Northwest Energy**	**114.6**	37⅛– 8½	23⅞	16.2	**386**	3.93	6	1.20	5.0
201	553	**Savannah Foods**	**114.2**	21 – 6⅜	19½	3.8	**75**	4.77	4	1.20	6.2
202	410	**Dun & Bradstreet**	**113.1**	70¼–25¼	65	28.1	**1,823**	4.13	16	2.36	3.6
203	304	**Arcata**	**112.9**	39 –13⅛	33	6.7	**219**	3.69	9	1.28	3.9
204	197	**Kemper**	**112.7**	37⅝–15	33½	13.1	**440**	6.38	5	1.60	4.8
205	*	**Nordstrom**	**112.5**	38 –11⅝	29¾	8.2	**245**	2.97	10	0.44	1.5
205	302	**Pioneer Hi-Bred Intl**	**112.5**	52½–15⅝	51	16.0	**814**	3.98	13	1.20	2.4
207	359	**Weis Markets**	**111.8**	38 –16½	36	9.1	**329**	4.03	9	1.00	2.8
208	343	**Crum & Forster**	**111.2**	38½–13⅛	32⅞	28.3	**932**	6.46	5	1.64	5.0
209	423	**Seaway Food Town**	**110.8**	10¼– 4½	9¾	2.2	**21**	2.37	4	0.60	6.2
210	117	**Shell Oil**	**109.2**	65½–14⅛	41¼	309.0	**12,744**	5.34	8	1.80	4.4
211	145	**PennCorp Financial**	**108.7**	12¼– 2¼	6	19.0	**114**	0.34	18	0.16	2.7
211	347	**Times Mirror**	**108.7**	58½–20	48	34.1	**1,639**	4.18	11	2.00	4.2
211	211	**Vornado**	**108.7**	29¾– 4⅝	12	5.3	**64**	–3.11	def	none	0.0
214	162	**Norton**	**106.5**	62 –16	39¼	16.5	**655**	4.80	8	2.00	5.0
215	317	**Marsh Supermarkets**	**105.6**	12 – 3¼	9¼	3.3	**30**	1.86	5	0.40	4.3
216	97	**Gelco**	**105.0**	37 – 9¼	22⅜	11.8	**263**	4.67	5	1.12	5.0
217	57	**RLC**	**104.1**	18 – 4¼	9¾	11.8	**115**	1.20	8	0.64	6.6
218	338	**Varian Associates**	**103.3**	35¼–11¾	30½	7.9	**242**	–0.45	def	0.52	1.7
219	158	**Missouri Pacific**	**103.1**	115 –39⅝	83	15.6	**1,291**	12.46	7	3.80	4.6
220	266	**New York Times**	**101.5**	38 –15½	33	12.4	**409**	3.83	9	1.10	3.3
221	479	**Time Inc**	**101.4**	41¼–15¾	37¼	48.3	**1,801**	2.26	16	1.00	2.7
222	206	**Standard Oil Calif**	**101.2**	58¾–17⅛	41¼	342.1	**14,112**	7.09	6	2.40	5.8
223	334	**Kroger**	**101.0**	27⅞–11⅝	24	27.9	**669**	3.70	6	1.72	7.2
224	247	**So Natural Resources**	**100.9**	37¼–12⅜	27⅜	41.0	**1,121**	3.84	7	1.10	4.0
225	709	**M Lowenstein**	**100.0**	40½– 7½	29½	3.3	**98**	4.74	6	1.20	4.1
226	147	**Levi Strauss**	**99.1**	50¾–12⅛	27⅛	41.2	**1,119**	4.53	6	1.65	6.1
227	555	**A C Nielsen**	**98.9**	48 –18⅞	45¼	11.2	**508**	3.21	14	1.04	2.3
228	76	**Lear Siegler**	**98.2**	42⅞–13	28	16.3	**456**	4.79	6	1.40	5.0
229	*	**Allied Maintenance**	**98.0**	24¾– 9⅞	24½	3.0	**73**	2.79	9	1.00	4.1
230	238	**Beckman Instruments**	**96.4**	43⅛–11⅛	27½	20.5	**563**	1.76	16	0.40	1.5
231	144	**Martin Marietta**	**95.9**	51¼–14¾	33⅝	37.5	**1,261**	5.47	6	1.92	5.7
232	285	**Athlone Industries**	**94.6**	30 –12⅛	27¼	2.5	**69**	5.10	5	1.50	5.5
233	321	**First Interstate**	**94.6**	44⅞–17⅝	39¼	38.4	**1,508**	5.91	7	2.04	5.2
234	148	**Union Pacific**	**94.2**	96¼–20½	49¾	96.3	**4,790**	4.05	12	1.80	3.6
235	274	**Maryland Cup**	**94.1**	43¾–15⅜	36⅛	6.8	**244**	4.52	8	0.76	2.1
236	558	**Republic of Texas**	**94.0**	37⅝–14⅜	35⅞	23.0	**826**	4.79	7	1.48	4.1
237	100	**Centex**	**93.9**	48 –10½	24	13.2	**317**	2.60	9	0.25	1.0
238	384	**First City Bancorp**	**93.9**	41¼–14½	36	29.0	**1,043**	4.12	9	1.06	2.9
239	254	**Ametek**	**93.9**	35⅜–13½	27⅞	10.9	**303**	2.39	12	1.20	4.3
240	456	**Brown Group**	**93.4**	31 –12⅞	29½	10.9	**321**	4.77	6	1.76	6.0
241	260	**Vulcan Materials**	**93.4**	56 –21¼	51¼	11.5	**588**	7.08	7	2.20	4.3
242	707	**National Tea**	**93.3**	7½– 3⅜	7¼	10.0	**73**	0.83	9	none	0.0
243	559	**Gordon Jewelry**	**93.3**	21 – 7⅝	15⅝	8.4	**131**	3.15	5	0.56	3.6
244	452	**Auto Data Processing**	**93.2**	31¾–10⅞	28⅝	33.7	**963**	1.55	18	0.44	1.5
245	70	**U S Home**	**92.5**	33 – 5⅛	13⅛	14.6	**192**	1.96	7	0.36	2.7
246	214	**Peoples Drug Stores**	**91.6**	19⅞– 7	17	4.0	**68**	2.39	7	0.32	1.9
247	465	**Manhattan Industries**	**91.2**	14⅞– 4⅜	12⅜	3.0	**37**	2.29	5	0.30	2.4
248	210	**Gifford-Hill**	**90.7**	26⅞– 8⅞	18¾	7.4	**139**	3.37	6	0.92	4.9
249	341	**Zurn Industries**	**90.6**	35⅜–12½	27⅞	5.7	**158**	3.49	8	1.20	4.3
250	156	**Shopwell**	**90.5**	7 – 2⅜	5	1.2	**6**	0.77	6	0.10	2.0
251	294	**Waldbaum**	**90.0**	19¾– 7⅛	14¾	2.6	**38**	3.98	4	none	0.0
252	163	**American Standard**	**89.5**	43¾–12⅞	27	27.2	**733**	4.98	5	2.20	8.1
253	548	**United States Shoe**	**89.3**	36⅜–10⅞	32½	10.6	**344**	5.07	6	1.25	3.8
254	414	**Fort Howard Paper**	**89.0**	36½–13⅜	34½	26.9	**929**	2.97	12	1.08	3.1
255	446	**Irving Bank**	**88.4**	58 –27	53	8.7	**461**	10.87	5	3.04	5.7
256	351	**Aetna Life & Casualty**	**88.4**	45¼–18⅞	44¾	80.4	**3,598**	5.95	8	2.32	5.2

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.

*Not ranked last year def: deficit

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
257	185	**Acme-Cleveland**	**88.2%**	35⅜– 9½	17⅞	4.3	**$ 78**	$2.41	7	$1.40	7.8%
258	490	**Esmark**	**87.9**	57⅝–18⅝	53¾	12.4	**669**	5.67	9	1.84	3.4
259	733	**VF**	**87.9**	43½–16½	40⅝	8.1	**328**	6.09	7	2.40	5.9
260	300	**Heck's**	**87.5**	13⅞– 5⅜	11¼	9.7	**110**	1.55	7	0.24	2.1
261	394	**Old Republic Intl**	**87.2**	24⅜– 9½	20	9.4	**189**	4.13	5	0.92	4.6
262	651	**American Greetings**	**87.2**	18⅝– 9	18¼	13.7	**250**	2.05	9	0.56	3.1
263	570	**Chase Manhattan**	**86.9**	59⅞–27⅜	57¼	32.7	**1,870**	9.88	6	3.10	5.4
264	466	**Bankers Trust N Y**	**86.7**	37⅞–16½	35⅛	26.6	**935**	7.03	5	1.85	5.3
265	582	**Springs Mills**	**86.7**	26¾–12	24½	8.8	**215**	1.99	12	1.36	5.6
266	204	**Business Men's Assur**	**86.3**	36⅛–14⅝	28⅞	6.0	**172**	5.10	6	1.60	5.5
267	187	**Alcan Aluminium**	**86.2**	40 –10⅝	22	81.6	**1,795**	4.46	5	1.80	8.2
268	131	**Computer Sciences**	**85.7**	29¼– 6¼	13	13.3	**173**	1.37	9	none	0.0
269	199	**Rockwell Intl**	**85.4**	45⅜–13⅞	28½	75.9	**2,163**	3.84	7	1.56	5.5
270	196	**ENSERCH**	**85.0**	40 –11⅛	24¼	52.9	**1,284**	3.47	7	1.36	5.6
271	484	**Ohio Casualty**	**84.0**	47½–20⅛	46	11.7	**538**	6.55	7	2.04	4.4
271	276	**Rohr Industries**	**84.0**	20 – 5⅜	11½	5.2	**60**	1.87	6	none	0.0
273	422	**Hewlett-Packard**	**83.4**	53⅞–15½	40	122.0	**4,880**	2.55	16	0.24	0.6
274	618	**Ball Corp**	**82.8**	34⅞–16½	34½	5.3	**184**	4.93	7	1.80	5.2
275	457	**BanCal Tri-State**	**82.1**	43 –15⅛	28	4.7	**131**	2.35	12	1.20	4.3
276	309	**Big Three Industries**	**81.1**	38 –13⅜	28¾	42.4	**1,220**	2.43	12	0.60	2.1
277	409	**AMP**	**81.0**	62½–24	51⅛	36.0	**1,841**	3.31	15	1.20	2.3
278	928	**Anheuser-Busch Cos**	**80.9**	44⅛–17½	41⅜	45.5	**1,882**	4.60	9	1.28	3.1
279	319	**Dennison Mfg**	**80.7**	25 –11½	21⅛	9.1	**193**	2.92	7	1.30	6.2
280	140	**Johnson Controls**	**80.1**	34½–13¼	23¾	13.1	**311**	3.43	7	1.40	5.9
281	381	**National Svc Inds**	**80.0**	28⅜–12¼	27	12.7	**344**	3.93	7	1.32	4.9
282	224	**Ogden**	**79.5**	39⅞–14¼	26⅝	13.0	**345**	4.81	6	1.80	6.8
282	390	**Stone Container**	**79.5**	28¼– 7	18¼	7.8	**142**	3.07	6	0.64	3.5
284	717	**Copperweld**	**79.2**	47½–15¾	41	5.7	**235**	6.20	7	1.60	3.9
285	459	**Cannon Mills**	**79.1**	35¼–12⅞	26¼	9.4	**246**	3.46	8	1.20	4.6
286	660	**Hartfield-Zodys**	**78.4**	13 – 3⅝	7½	3.7	**28**	0.81	9	0.40	5.3
287	221	**Southwest Forest Inds**	**77.9**	28⅞– 7¾	17⅛	8.5	**146**	1.58	11	0.60	3.5
288	192	**Interpublic Group**	**77.8**	37½–15⅞	30¾	4.6	**142**	3.51	9	1.60	5.2
289	515	**Host International**	**77.4**	27 – 9⅜	20⅝	4.9	**100**	1.15	18	0.60	2.9
290	445	**Valley National**	**77.4**	30¾–10½	25⅛	16.9	**423**	3.62	7	1.16	4.6
291	280	**Consolidated Papers**	**77.2**	39 –14⅜	27¼	10.8	**295**	5.12	5	2.00	7.3
292	670	**Armstrong Rubber**	**77.1**	39⅞–14⅜	36¾	1.7	**63**	8.41	4	1.40	3.8
293	287	**Gulf United**	**76.7**	27¼–10¾	19⅞	27.7	**550**	2.94	7	1.32	6.6
294	344	**Stanadyne**	**76.5**	46¼–19¼	43¼	4.8	**207**	4.82	9	1.72	4.0
295	61	**Amerada Hess**	**76.4**	54¾–10⅞	26	81.3	**2,114**	3.22	8	1.10	4.2
296	240	**CNA Financial**	**75.8**	19⅝– 6¼	13⅝	48.7	**664**	2.04	7	none	0.0
297	622	**General Re**	**74.5**	84½–33⅜	83¾	21.8	**1,826**	7.81	11	1.76	2.1
298	611	**First Intl Bshs**	**74.4**	32⅜–14⅝	30¼	45.3	**1,369**	3.40	9	1.10	3.6
299	383	**Security Pacific**	**73.0**	43½–21⅞	38⅜	27.7	**1,064**	7.05	5	2.20	5.7
300	197	**City Investing**	**71.7**	30⅝–11⅜	22¼	33.1	**753**	3.42	7	1.60	7.0
301	539	**Hannaford Bros**	**71.4**	24¾–10½	21	1.3	**28**	4.74	4	1.20	5.7
301	311	**Norris Industries**	**71.4**	42 –18¼	42	9.8	**410**	3.71	11	1.47	3.5
303	436	**American Petrofina**	**70.6**	71⅞–22⅝	58	10.8	**626**	7.10	8	3.20	5.5
304	455	**Harvey Hubbell**	**70.0**	24¾–11½	22	11.2	**246**	2.69	8	1.08	4.9
304	525	**Philip Morris**	**70.0**	55⅛–25⅞	52½	125.0	**6,560**	5.39	10	2.00	3.8
306	426	**American Brands**	**70.0**	46 –19¾	38⅞	54.5	**2,120**	6.34	6	3.25	8.4
307	534	**Southeast Banking**	**69.7**	23½– 9½	18⅞	15.9	**300**	3.24	6	1.00	5.3
308	331	**Newmont Mining**	**69.6**	79¼–15½	47½	25.9	**1,229**	4.03	12	1.60	3.4
309	267	**Tyler**	**69.2**	29⅜– 9¾	19¼	9.2	**177**	3.24	6	0.55	2.9
310	170	**Standard Oil Indiana**	**69.0**	99½–21⅞	50⅜	291.6	**14,691**	6.65	8	2.60	5.2
311	423	**Knight-Ridder News**	**68.1**	41¾–15¼	32¼	32.1	**1,034**	3.09	10	0.92	2.9
312	233	**Wheelabrator-Frye**	**67.3**	65⅞–24	42⅞	17.1	**732**	4.70	9	1.60	3.7
313	329	**Cyclops**	**67.3**	39 –12½	26⅝	3.3	**89**	7.67	3	1.45	5.4
314	537	**Hart Schaffner & Marx**	**66.3**	24⅛– 9¾	21	8.6	**180**	2.95	7	1.12	5.3
315	228	**Entex**	**66.3**	19⅛– 7¼	13¼	21.1	**280**	2.17	6	1.00	7.5
316	385	**Morton-Norwich**	**66.3**	38⅝–18⅜	34½	13.6	**468**	4.12	8	1.52	4.4
317	505	**King Kullen Grocery**	**65.7**	17¾– 8½	14½	0.7	**10**	2.84	5	0.50	3.4
318	701	**Hershey Foods**	**65.4**	41 –16⅝	37	14.2	**524**	5.54	7	1.90	5.1
319	231	**Macmillan**	**65.3**	21⅜– 7¾	14⅞	12.3	**182**	0.60	25	0.50	3.4
320	412	**Norfolk & Western Ry**	**65.2**	55¼–20¾	52¼	32.5	**1,700**	8.63	6	2.60	5.0

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.

*Not ranked last year.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
321	402	Digital Equipment	64.3%	113¼–36⅝	88½	54.3	$4,810	$7.13	12	none	0.0%
322	*	Industrial National	63.9	27 –15	26⅝	6.1	161	5.29	5	$2.00	7.5
323	509	R R Donnelley & Sons	63.5	43 –21	39¼	18.8	739	3.93	10	1.28	3.3
324	638	Campbell Taggart	63.3	25¼–13¼	22½	15.0	338	2.42	9	0.92	4.1
325	177	Sun Company	63.2	59⅝–17⅝	39⅜	120.1	4,730	5.37	7	2.10	5.3
326	378	Borg-Warner	63.1	26⅞–12⅝	24⅞	41.9	1,042	3.65	7	1.40	5.6
327	724	Baxter Travenol Labs	63.0	33¾–14⅛	33	70.4	2,323	2.00	17	0.38	1.2
328	353	Transamerica	62.6	26¼–12⅞	23⅜	64.8	1,514	3.48	7	1.40	6.0
329	189	Kaneb Services	62.2	40⅛–12¼	22½	23.6	530	2.25	10	1.00	4.4
330	396	Alexander & Baldwin	62.1	40¾–14¼	23½	9.2	216	3.88	6	1.80	7.7
331	439	Dibrell Brothers	61.2	21½–10½	19¾	1.3	26	4.23	5	1.12	5.7
332	444	First Boston	61.1	39¼–11	38¼	4.5	173	4.79	8	2.50	6.5
333	226	Federal-Mogul	60.8	26⅝–10½	19½	12.6	247	2.90	7	1.32	6.8
334	290	Colt Industries	60.7	89 –27⅜	58⅜	13.6	795	8.55	7	3.60	6.2
335	398	El Paso	60.5	30½–13⅜	23⅞	51.8	1,236	2.53	9	1.48	6.2
336	184	Intel	60.5	50¼–10	25¼	43.3	1,094	1.03	25	none	0.0
337	501	Combined Internatl	60.0	24⅜–13⅝	23	27.1	624	3.85	6	1.80	7.8
337	522	Pfizer	60.0	54⅞–23⅝	47	73.9	3,473	2.83	17	1.60	3.4
339	609	Phillips-Van Heusen	59.5	18 – 8⅜	16¾	2.8	47	2.72	6	0.60	3.6
340	872	Gino's	59.5	18¼– 6¼	15¾	2.7	42	0.55	29	0.44	2.8
340	239	Santa Fe Industries	59.5	36⅜– 9¾	21	88.7	1,862	3.30	6	1.00	4.8
342	241	Foxboro	59.1	62 –27⅛	52½	8.3	436	3.98	13	1.40	2.7
343	404	Amfac	59.0	35⅞–13⅞	24¼	13.8	336	4.22	6	1.44	5.9
344	325	Kidde	58.8	50¼–22⅞	45¼	9.7	437	9.45	5	2.20	4.9
345	369	National Can	58.6	26⅜–12¼	22	9.1	200	3.41	6	1.00	4.5
346	160	Morse Shoe	58.4	29 – 7¼	15	5.2	78	2.26	7	0.80	5.3
347	612	Interstate Bakeries	58.3	14¼– 4½	11⅞	4.5	54	–5.29	def	none	0.0
348	217	Halliburton	57.8	87 –27⅜	51⅜	117.8	6,054	5.34	10	1.60	3.1
349	687	Stokely-Van Camp	57.7	37⅜–17¾	32⅞	3.1	101	3.46	9	1.48	4.6
350	677	H J Heinz	57.6	29¾–14	26½	46.7	1,237	3.82	7	1.44	5.4
351	511	Western Union	57.5	34¼–14¼	31½	15.7	496	2.77	11	1.40	4.4
352	495	Flickinger	57.0	21½– 9¾	19⅜	2.9	57	3.18	6	0.88	4.5
353	308	Figgie International	56.3	23 – 7¾	15⅝	6.0	94	3.40	5	0.68	4.4
354	544	Nalco Chemical	56.2	58¼–24⅜	53½	20.1	1,074	3.97	13	2.00	3.7
355	653	Wheeling-Pitts Steel	56.1	40⅛– 8	28⅞	4.0	114	4.15	7	none	0.0
356	663	Bristol-Myers	55.8	58¾–28	53¼	66.1	3,518	4.44	12	1.84	3.5
357	365	Dan River	55.3	23 – 8¼	14¾	5.7	84	2.51	6	1.12	7.6
358	253	Honeywell	55.2	115¼–42⅝	75¼	22.7	1,707	12.66	6	3.40	4.5
359	350	Federal Co	55.1	27⅜–12	19	8.2	156	1.99	10	1.30	6.8
360	513	Knudsen	54.8	17⅜– 6¾	15¼	2.7	41	2.76	6	0.76	5.0
361	143	Evans Products	54.7	26½–11⅜	20½	12.3	253	1.25	16	1.60	7.8
362	212	Mobil	54.6	44⅞–14⅝	25⅛	425.4	10,687	5.65	4	2.00	8.0
363	327	Stanley Works	54.6	23 – 8⅞	16¾	26.3	441	1.96	9	0.76	4.5
364	186	ASARCO	54.5	58½–13	25⅞	26.0	674	1.86	14	1.40	5.4
365	153	Mattel	54.4	16¼– 5	8⅞	16.5	146	–0.29	def	0.30	3.4
366	443	Fleming Companies	54.2	32¼–15	25¼	6.4	162	3.53	7	1.24	4.9
367	591	Consolidated Edison	54.2	33⅝–19⅝	32⅜	63.3	2,050	6.08	5	2.96	9.1
368	519	General Host	54.1	25 – 8⅛	18⅞	2.4	45	–5.63	def	0.90	4.8
368	783	Saga	54.1	23¾– 6⅞	18⅞	5.0	94	2.58	7	0.44	2.3
370	460	Archer Daniels Midland	54.1	27½– 7	17	71.9	1,223	2.66	6	0.14	0.8
371	230	Dresser Industries	53.6	57 –17½	32¼	78.5	2,532	3.95	8	0.68	2.1
372	437	Alexander & Alexander	53.4	38 –16¾	29¼	19.1	557	2.80	10	1.84	6.3
373	220	Ashland Oil	53.3	45¾–18	35¼	26.6	936	2.22	16	2.40	6.8
374	162	Revere Copper	53.3	25⅜– 9¾	14¾	5.7	84	3.01	5	0.40	2.7
375	485	Provident Life & Acc	52.9	53 –32	52	9.8	512	7.66	7	2.20	4.2
376	200	Universal Leaf	52.9	34⅞–13½	23½	8.8	207	3.61	7	1.52	6.5
377	232	Atlantic Richfield	52.8	74⅜–21⅝	44⅛	238.5	10,525	6.40	7	2.20	5.0
378	43	Crown Central Petroleum	52.8	46½– 7⅛	15⅛	5.9	89	–1.55	def	0.80	5.3
379	855	Dillon Companies	52.7	25¾–12¼	24½	18.3	448	2.45	10	1.20	4.9
380	531	INA	52.4	50¾–22¾	48	39.8	1,911	14.74	3	2.40	5.0
381	208	Service Merchandise	52.2	23½– 7⅜	13	12.7	165	1.75	7	0.14	1.1
382	262	PACCAR	52.1	87¼–41½	71½	8.2	590	9.63	7	3.00	4.2
383	345	CBI Industries	51.8	70⅞–21	41⅜	17.7	733	4.31	10	1.65	4.0
384	249	Tektronix	51.8	70¼–28¼	52	18.6	969	4.45	12	1.00	1.9

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def: deficit. *Not ranked last year.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
385	538	**Southern Railway**	51.6%	98½–44½	94	15.4	$1,452	$13.04	7	$4.24	4.5%
386	320	**Pitney Bowes**	51.6	40⅜–15⅛	23⅞	16.2	387	3.70	6	1.60	6.7
387	236	**Insilco**	51.0	23⅝– 9¼	16⅝	14.3	237	2.28	7	1.00	6.0
388	797	**Chesebrough-Pond's**	51.0	39⅞–19⅛	37¼	32.6	1,230	3.48	11	1.52	4.0
389	195	**Golden West Finl**	51.0	15¾– 5	9⅜	20.5	192	0.32	29	0.04	0.4
390	628	**Consol Freightways**	49.5	45 –18	39⅝	13.3	529	9.32	4	1.52	3.8
391	418	**U S Bancorp**	49.5	34⅛–18½	30⅜	14.4	436	4.47	7	1.20	4.0
392	621	**First Natl Boston**	48.7	47⅞–23½	44¼	12.7	561	8.65	5	2.88	6.5
393	382	**TRW**	48.6	65½–27½	54⅝	32.8	1,794	7.57	7	2.40	4.4
394	314	**Allen Group**	48.2	22 –10¼	16	4.5	73	2.04	8	1.00	6.3
395	193	**Washington National**	48.1	39⅝–11	19	10.4	197	3.30	6	1.08	5.7
396	403	**Harsco**	47.8	21⅝–11¼	18¼	19.3	363	2.90	6	1.20	6.4
397	764	**Genesco**	47.7	11⅛– 2¾	8⅛	12.7	103	0.77	11	none	0.0
398	393	**McDermott**	47.7	46⅝–15⅞	34¼	36.7	1,257	3.84	9	1.60	4.7
399	368	**Suburban Propane Gas**	47.7	42⅝–16½	32⅛	4.7	152	5.27	6	1.60	5.0
400	554	**Gannett**	47.2	46 –21½	39⅝	53.0	2,099	3.05	13	1.72	4.3
401	705	**Washington Gas Light**	47.1	43⅜–18⅛	32	5.4	174	3.38	9	2.64	8.3
402	169	**Dexter**	46.9	35 –14⅞	24	9.2	222	2.72	9	1.10	4.6
403	853	**Dillard Dept Stores**	46.9	24⅞–12	23½	3.0	69	4.59	5	0.40	1.7
404	471	**Giant Food**	46.9	22 –11	17½	4.9	86	2.29	8	1.20	6.9
405	711	**St Paul Companies**	46.5	52¼–27½	52¼	20.9	1,105	6.46	8	2.32	4.4
406	284	**Godfrey**	46.4	17 – 7¼	11	1.6	17	1.88	6	0.72	6.5
407	492	**Amdahl**	45.8	71½–11⅛	28¼	17.1	483	1.36	21	0.40	1.4
408	330	**W R Grace**	45.3	63½–23⅝	42½	47.4	2,013	7.31	6	2.60	6.1
409	588	**R J Reynolds Inds**	45.3	53 –26⅛	49⅛	104.3	5,122	6.65	7	2.80	5.7
410	892	**Stop & Shop**	45.2	24¾–12½	22½	4.0	91	3.79	6	1.32	5.9
411	250	**Barnes Group**	45.0	25⅞–10⅞	18¼	7.1	129	2.21	8	1.00	5.5
412	*	**Ampco-Pittsburgh**	44.9	26¾– 7½	14⅛	3.8	54	3.62	4	0.60	4.2
413	227	**Dorsey**	44.7	31 –10⅛	17	4.1	70	2.50	7	1.00	5.9
414	289	**Longview Fibre**	44.1	40½–17	24½	11.4	280	0.42	58	1.20	4.9
415	123	**Milton Bradley**	44.1	50½–10¼	21¼	7.4	157	2.41	9	1.20	5.6
416	203	**Panhandle Eastern**	43.5	52¼–18⅛	34¼	40.2	1,376	6.40	5	2.00	5.8
417	685	**Cluett, Peabody**	43.2	15¾– 7¼	13¼	8.9	118	2.17	6	0.76	5.7
418	625	**Masco**	43.1	42¼–15⅝	37¾	25.1	949	3.35	11	0.76	2.0
419	263	**Texas Gas Transmn**	43.1	48½–17½	34¼	20.3	695	5.66	6	1.92	5.6
420	581	**Connecticut General**	42.0	58¼–29¼	55¼	41.3	2,283	8.20	7	1.76	3.2
421	706	**Pacific Lighting**	41.9	29½–17	27½	25.9	712	5.31	5	2.76	10.0
422	602	**Farmers Group**	41.2	36½–18¾	32⅛	34.0	1,091	3.40	9	1.12	3.5
423	405	**Melville**	41.1	48 –19⅞	37¾	25.9	977	4.72	8	1.80	4.8
424	572	**CPC International**	41.1	37⅝–21⅛	33½	47.8	1,600	4.29	8	1.92	5.7
425	464	**Rainier Bancorp**	41.0	31⅛–18⅜	27½	9.4	259	4.46	6	1.36	4.9
426	463	**Rollins**	40.9	22½– 7½	17	27.5	467	1.69	10	0.56	3.3
427	608	**Masonite**	40.8	40 –14⅞	34½	13.6	470	2.01	17	1.32	3.8
428	271	**Trans World**	40.7	30⅝– 7¾	16	18.6	298	1.93	8	none	0.0
429	73	**Avco**	40.6	35 –12¾	18⅝	21.0	390	4.44	4	1.20	6.4
430	367	**A E Staley Mfg**	40.5	42½–11	20¼	21.9	443	4.75	4	0.80	4.0
431	*	**UGI**	40.4	36¼–16½	26½	5.7	152	4.31	6	1.88	7.1
432	569	**Jewel Companies**	40.3	45¼–17½	33½	11.7	392	6.76	5	2.24	6.7
433	718	**Central Tel & Utils**	40.3	35¾–21¼	35¼	26.5	935	3.77	9	2.10	6.0
434	438	**IC Industries**	40.2	41⅛–17⅛	31⅜	17.1	535	6.20	5	2.20	7.0
435	634	**Kimberly-Clark**	40.1	73¼–36⅞	61⅝	22.9	1,409	8.83	7	3.60	5.8
436	610	**Niagara Frontier Services**	40.0	33 –12¾	19¼	2.1	40	3.76	5	1.04	5.4
437	472	**Peavey**	39.9	33¾–13⅛	23¼	5.6	131	4.16	6	1.20	5.2
438	752	**Mallinckrodt**	39.8	39¾–16⅞	37¾	14.2	536	2.76	14	1.00	2.6
439	519	**Dayton-Hudson**	39.2	31⅜–14¾	26⅝	47.9	1,276	3.31	8	1.10	4.1
440	716	**Becton, Dickinson**	38.9	54½–25½	46⅞	20.3	952	3.61	13	1.10	2.3
440	407	**Rose's Stores**	38.9	20 – 9½	18¾	2.1	40	3.86	5	0.80	4.3
442	656	**Kaiser Steel**	38.8	50¾–17⅝	44¾	7.1	320	9.23	5	none	0.0
443	371	**Grumman**	38.5	39¾–14¾	24¾	10.2	252	2.06	12	1.40	5.7
444	291	**Merrill Lynch**	38.1	44¼–13¼	34⅞	38.3	1,335	5.14	7	1.28	3.7
445	781	**PepsiCo**	37.5	38 –20	36½	91.6	3,343	3.52	10	1.46	4.0
446	340	**Federal Paper Board**	36.9	39¼–12½	25½	5.9	149	3.95	6	1.10	4.3
447	399	**Alexander's**	36.8	18⅜– 5⅛	9¾	4.5	44	–2.12	def	none	0.0
448	595	**Seafirst**	36.8	33½–21⅛	31	15.6	482	4.88	6	1.44	4.6

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*Not ranked last year. def: deficit.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
449	441	Revco D S	36.7%	27¼–10⅛	24⅜	20.4	$ 498	$2.24	11	$0.76	3.1%
450	292	Cessna Aircraft	36.4	36½–11¾	18¾	19.2	360	3.19	6	0.80	4.3
451	562	Levitz Furniture	36.0	40⅞–15½	34	4.3	145	3.00	11	1.00	2.9
452	261	McDonnell Douglas	35.8	52⅞–19⅜	32¼	39.0	1,258	4.69	7	1.06	3.3
453	575	Upjohn	35.7	69 –30	52¼	30.1	1,573	5.27	10	2.00	3.8
454	786	Johnson & Johnson	35.6	39⅜–20¾	35¼	186.4	6,571	2.17	16	0.88	2.5
455	477	Thrifty Corp	35.2	17⅜– 7¼	12	9.9	119	1.80	7	0.80	6.7
456	688	Strawbridge & Clothier	35.2	29⅝–18¼	26½	2.0	53	6.23	4	1.40	5.3
457	435	Leaseway Transportation	35.1	36⅝–18	27¼	11.9	324	3.72	7	1.50	5.5
458	326	Westinghouse Electric	34.8	34½–16	23¾	84.9	2,017	5.15	5	1.80	7.6
459	282	Moore McCormack Res	34.4	39⅞–16⅛	28	8.6	240	5.35	5	0.96	3.4
460	376	Crane	34.2	47½–21¾	35¼	10.2	359	4.96	7	1.60	4.5
461	641	Girard	34.1	31¼–18¾	29½	5.6	164	6.71	4	2.24	7.6
462	584	Pittsburgh National	33.3	28⅜–16½	28	12.4	347	4.20	7	1.72	6.1
463	234	General Signal	33.2	54¼–22¾	34⅞	27.4	956	4.19	8	1.60	4.6
464	491	Edison Bros Stores	33.1	35 –17¾	26½	11.4	302	4.01	7	1.44	5.4
465	772	Quaker Oats	33.0	37¾–20	34¾	19.2	666	5.31	7	1.80	5.2
466	735	Genuine Parts	33.0	35½–18¾	33¼	27.8	923	2.74	12	1.14	3.4
467	494	USLIFE	32.4	34 –14½	22½	22.4	504	3.97	6	0.80	3.6
468	694	Southern Calif Edison	32.2	30⅝–20	30¼	86.2	2,609	4.41	7	3.24	10.7
469	713	Mellon National	31.9	40 –22	38¼	19.6	752	5.55	7	2.24	5.9
470	546	Pueblo International	31.8	8⅝– 2¼	3⅝	3.9	14	0.60	6	0.12	3.3
471	375	Consol Natural Gas	31.5	57 –33⅝	48	19.8	949	7.62	6	3.52	7.3
472	397	Ramada Inns	31.4	17 – 3⅛	5¾	27.1	156	–0.80	def	none	0.0
473	915	Wachovia	31.0	28¼–15¼	27½	14.9	409	3.32	8	1.08	3.9
474	337	Parker-Hannifin	30.7	25½–13½	19¾	24.9	492	2.77	7	0.96	4.9
475	535	Travelers	30.3	54 –26⅜	47⅞	42.4	2,030	8.41	6	2.88	6.0
476	567	First Wisconsin	30.0	35⅞–19½	29¼	4.2	124	6.59	4	2.00	6.8
477	667	NCNB	29.9	18 –10	15¾	19.5	307	2.59	6	0.88	5.6
478	686	Sterling Drug	29.9	26⅞–12¾	21¾	60.7	1,321	1.99	11	1.00	4.6
479	307	Allegheny Int'l	29.7	55⅜–13¾	32	9.3	298	4.01	8	1.40	4.4
480	734	Emerson Electric	29.7	49¾–29⅜	44¼	64.0	2,863	4.26	11	2.00	4.5
481	431	George A Hormel	29.7	20 –10⅞	16⅜	9.6	157	2.71	6	0.96	5.9
482	413	USF&G	29.6	52 –25⅝	43	28.1	1,210	6.15	7	3.20	7.4
483	590	Ferro	29.4	35 –17	26¼	7.7	206	2.68	10	1.20	4.5
484	796	Chubb	29.4	51¾–29⅛	51¾	12.3	637	8.10	6	2.68	5.2
485	852	Rohm & Haas	29.2	71¾–28	62	13.0	803	7.03	9	2.80	4.5
486	335	Amer Broadcasting	29.1	47⅝–23⅛	34	28.2	960	4.96	7	1.60	4.7
487	502	Fieldcrest Mills	29.0	37¾–19	25	3.8	95	3.77	7	2.00	8.0
488	*	Marion	28.9	18⅛– 3⅛	6⅞	11.2	77	1.33	5	0.20	2.9
489	989	CFS Continental	28.7	17⅜– 6¼	17⅜	5.2	90	2.12	8	0.46	2.6
489	722	Southland	28.7	35 –16⅞	30⅞	23.7	731	3.86	8	1.08	3.5
491	560	Delta Air Lines	28.6	41⅜–15	24¾	39.8	984	3.21	8	1.00	4.0
491	598	Lane Bryant	28.6	23½–11⅝	15¾	3.6	57	2.70	6	1.10	7.0
493	532	Continental Illinois	28.5	42¾–21⅛	37¼	39.6	1,475	5.99	6	2.00	5.4
494	288	Di Giorgio	28.1	15⅛– 6½	9⅛	5.9	54	1.56	6	0.64	7.0
495	297	Getty Oil	27.9	108⅛–33	62¾	82.2	5,155	10.36	6	2.40	3.8
496	218	Amsted Industries	27.8	49 –22	33	10.8	357	4.68	7	2.48	7.5
497	183	Hyster	27.6	50⅜–22¾	31¾	6.1	193	5.07	6	2.00	6.3
498	589	W W Grainger	27.5	44⅝–25	38¼	14.2	543	3.93	10	1.08	2.8
499	427	United States Gypsum	27.5	38¾–21	33⅝	16.3	547	4.74	7	2.40	7.1
500	84	Shaklee	27.2	39¼–11⅛	27⅛	6.2	169	3.85	7	1.00	3.7
501	333	Witco Chemical	27.0	33¾–15⅜	24⅞	9.3	230	4.05	6	1.80	7.2
502	256	Texas Eastern	26.9	89 –32	51⅞	25.4	1,317	8.67	6	3.80	7.3
503	473	Questor	26.8	12½– 4½	8⅞	9.8	87	0.15	59	none	0.0
504	370	Tecumseh Products	26.8	72½–49	62¾	5.5	343	10.72	6	3.20	5.1
505	497	Hoover Universal	26.7	25½–12¼	19¾	8.9	176	2.87	7	1.24	6.3
506	524	Bendix	26.6	67½–32⅜	56½	19.0	1,075	18.49	3	3.32	5.9
507	388	MCA	26.4	59 –24⅝	39⅞	23.8	950	4.30	9	1.50	3.8
508	666	Chemical New York	26.2	63 –33¼	54⅛	15.3	829	12.83	4	3.84	7.1
509	780	Marsh & McLennan Cos	26.0	42½–25⅞	35¾	36.7	1,313	3.15	11	2.00	5.6
510	279	Midland-Ross	25.9	30½–14	18¼	12.0	219	2.62	7	1.40	7.7
511	255	Ex-Cell-O	25.2	36¼–14	21½	15.2	327	3.64	6	1.48	6.9
512	468	Lubrizol	25.0	41¾–13⅞	22½	39.9	899	2.02	11	1.08	4.8

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
*Not ranked last year. def: deficit

Who's where in the stock market

Rank											
81	80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
512	275	**Oneok**	25.0%	44⅞–17½	28¾	11.5	$ 330	$4.42	7	$2.20	7.7%
512	682	**Zale**	25.0	33½–12⅞	20	10.4	208	5.81	3	1.26	6.3
515	895	**Munford**	24.3	14¾– 5¼	10⅞	2.2	24	1.38	8	0.10	0.9
516	336	**North American Coal**	24.3	49¼–14⅞	26⅞	3.3	90	1.10	24	0.72	2.7
517	924	**Monfort of Colorado**	24.2	9¾– 3⅜	5⅛	4.9	25	1.82	3	none	0.0
518	615	**Safeco**	24.2	41⅝–21⅞	39¾	18.9	753	5.22	8	2.20	5.5
519	362	**Frederick & Herrud**	23.5	9¾– 2⅞	5½	3.5	19	0.10	55	none	0.0
520	642	**Jack Eckerd**	23.4	31⅞–12½	23¾	37.4	887	2.19	11	0.92	3.9
521	940	**McDonald's**	23.0	72⅞–36¼	65⅝	40.3	2,645	6.32	10	1.00	1.5
522	776	**Gerber Products**	22.8	39½–17⅞	31	8.9	276	4.52	7	1.88	6.1
523	815	**Purex Industries**	22.4	26½–13¼	23¼	11.3	263	2.50	9	1.60	6.9
524	448	**American Natl Ins**	22.2	18¼– 9⅝	13¾	30.8	424	2.36	6	0.76	5.5
525	596	**Allied Products**	22.1	14⅞– 6¾	8¾	2.7	24	0.05	NM	0.20	2.3
526	401	**Carson Pirie Scott**	21.7	26½–12¾	16⅛	4.0	65	5.22	3	1.20	7.4
527	324	**Houston Natural Gas**	21.5	63¼–19¾	41¾	40.0	1,672	5.94	7	1.50	3.6
528	617	**Roper Corp**	21.3	15⅝– 8⅜	14¼	3.3	48	2.30	6	0.90	6.3
529	927	**Kane-Miller**	21.3	13¾– 6½	12⅛	2.9	35	1.92	6	0.28	2.3
530	988	**Mercantile Stores**	21.2	57 –29⅝	55	5.9	324	9.46	6	1.75	3.2
531	565	**Amer Hospital Supply**	21.1	52 –22	37¼	41.8	1,556	3.21	12	1.08	2.9
532	699	**Brooklyn Union Gas**	21.0	25⅝–18⅝	23¾	8.0	190	4.05	6	2.40	10.1
533	303	**Lone Star Industries**	20.9	38⅜–16¾	26¾	11.6	309	4.38	6	1.85	6.9
534	726	**Bank of New York**	20.9	47⅜–26¾	44⅛	6.9	306	7.47	6	3.20	7.3
535	702	**Celanese**	20.8	69¼–35⅝	59½	15.7	931	9.35	6	4.00	6.7
536	296	**InterNorth**	20.3	49¾–16⅛	28⅞	44.6	1,287	5.07	6	2.12	7.3
537	*	**First Union Bancorp**	20.2	26¾–16⅞	25¼	7.6	191	4.75	5	1.80	7.1
538	475	**Crown Cork & Seal**	20.2	37 –19¾	26	14.6	378	3.77	7	none	0.0
539	323	**Chromalloy American**	20.2	28¼–14½	17⅞	15.1	270	2.81	6	1.10	6.2
540	354	**Southern Union**	20.2	34⅛–12⅜	22¾	10.2	231	3.73	6	1.56	6.9
541	392	**Cone Mills**	20.1	43½–21¼	30⅝	5.8	177	6.38	5	2.20	7.2
542	374	**Armco**	20.0	41¾–14⅞	26	62.6	1,629	4.95	5	1.80	6.9
543	762	**AMF**	19.9	28 –11½	25⅝	22.8	584	0.80	32	1.36	5.3
544	434	**Texaco**	19.8	54⅜–22⅛	33¼	263.2	8,752	8.65	4	3.00	9.0
545	264	**Republic Airlines**	19.4	11⅞– 3½	4⅝	21.3	98	−1.91	def	0.10	2.2
546	482	**Timken**	18.9	78 –41	63	11.2	707	8.60	7	3.40	5.4
547	389	**Phillips Petroleum**	18.7	62⅞–25¾	39¼	152.2	5,973	6.44	6	2.20	5.6
548	349	**Gulf Oil**	18.6	54½–22¼	34¼	190.1	6,510	6.33	5	2.80	8.2
549	313	**Trane**	18.2	27¾–15⅜	21½	10.2	219	3.26	7	1.20	5.6
550	748	**Consolidated Foods**	17.8	33¼–19¾	31⅜	28.1	881	4.74	7	2.12	6.8
551	730	**Merck**	17.8	103 –47⅜	80¼	74.2	5,956	5.38	15	2.80	3.5
552	659	**American Stores**	17.6	34½–17¾	26¾	9.9	264	3.83	7	0.80	3.0
552	469	**Butler Manufacturing**	17.6	32¾–18½	26¼	5.5	146	3.11	9	1.32	4.9
554	592	**Lincoln National**	17.2	48 –31⅞	42½	20.9	887	6.48	7	3.00	7.1
555	814	**So New England Tel**	16.9	46 –29½	45¾	13.4	613	8.14	6	4.08	8.9
556	891	**Gillette**	16.6	35⅝–17⅝	32½	30.3	984	3.00	11	2.10	6.5
557	433	**Exxon**	15.6	44½–21¼	31	864.3	26,793	6.76	5	3.00	9.7
558	283	**Cook United**	15.6	10⅜– 2½	4⅛	6.3	26	0.37	11	none	0.0
559	417	**Data General**	15.2	87¾–34	52¼	10.4	545	3.85	14	none	0.0
560	727	**United Telecom**	15.1	24 –14	22⅞	73.9	1,691	3.45	7	1.68	7.3
561	942	**Avery International**	14.9	26½–12¼	25	9.0	225	2.42	10	0.80	3.2
562	432	**National Gypsum**	14.6	31⅝–13⅞	19⅝	15.9	311	2.77	7	1.48	7.5
563	*	**Maryland National**	14.5	24¾–12½	23¾	7.2	172	4.83	5	1.16	4.9
564	523	**Crocker National**	14.3	42 –22⅞	32	13.9	446	5.77	6	2.40	7.5
564	690	**Fischbach**	14.3	42 –19¾	34	3.4	115	5.88	6	2.00	5.9
566	755	**New England Electric**	14.1	26⅝–17¼	26¼	22.5	590	3.95	7	2.80	10.7
567	568	**Michigan National**	13.7	21⅜–11⅜	17¼	10.6	182	3.77	5	1.20	7.0
568	801	**Walt Disney**	13.6	67⅛–31½	52⅞	32.4	1,714	3.72	14	1.20	2.3
569	348	**Intl Minerals & Chem**	13.5	66½–22¾	30¾	27.2	836	5.61	5	2.60	8.5
570	679	**Scott & Fetzer**	13.5	36⅛–17¼	29½	7.3	216	3.78	8	1.80	6.1
571	632	**Snap-On Tools**	13.3	30¼–12⅜	19⅛	20.2	386	1.85	10	0.84	4.4
572	536	**Westvaco**	13.1	30½–15½	23¾	25.6	608	3.95	6	1.20	5.1
573	108	**Playboy Enterprises**	13.0	32¾– 5½	6½	9.9	64	1.31	5	0.12	1.8
574	440	**Motorola**	12.9	90½–33⅝	64⅜	31.5	2,029	5.81	11	1.60	2.5
575	662	**Citizens & Sthrn Ga**	12.9	9½– 4	8¾	28.8	252	1.43	6	0.48	5.5
576	458	**Kaufman & Broad**	12.9	16⅛– 5⅛	9⅞	12.0	118	0.96	10	0.24	2.4

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
*Not ranked last year. def: deficit. NM: not meaningful.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
577	503	**Joy Manufacturing**	12.7%	42⅞–18	35⅛	19.6	$ 689	$4.48	8	$1.40	4.0%
578	481	**Deere**	12.7	49¾–22½	35⅝	67.4	2,402	3.69	10	2.00	5.6
579	600	**Intl Multifoods**	12.5	25½–13¼	21⅜	8.0	172	3.80	6	1.48	6.9
580	269	**Imperial Corp of Am**	12.2	35 –13⅛	18⅝	14.2	261	–0.12	def	none	0.0
581	817	**American Express**	12.0	54⅜–25¼	45½	91.6	4,168	5.47	8	2.20	4.8
582	521	**Wells Fargo**	11.6	36⅛–21⅝	30⅛	24.1	725	5.50	5	1.92	6.4
583	810	**Florida Power & Lt**	11.3	32 –19⅞	30¾	43.7	1,345	3.60	9	3.04	9.9
584	489	**Allied Corp**	11.3	61¾–27⅝	44½	33.7	1,500	10.15	4	2.40	5.4
585	862	**Sunbeam**	11.1	36½–12⅝	27½	15.1	415	3.16	9	1.50	5.5
586	636	**Gulf & Western Inds**	10.5	22⅛– 8	16⅛	75.7	1,221	3.75	4	0.75	4.7
587	207	**Best Products**	10.2	34¼–11¾	17⅝	9.7	171	2.52	7	0.32	1.8
588	305	**Dravo**	10.1	33⅛–14⅞	16⅞	12.9	217	1.40	12	0.96	5.7
589	626	**Equitable of Iowa**	10.0	22¼–14	15¼	6.2	98	2.70	6	1.28	8.1
590	635	**Amer Maize-Products**	10.0	20⅞– 5⅞	10½	5.2	55	2.19	5	0.52	5.0
591	486	**ACF Industries**	10.0	52¼–27½	38⅝	9.1	351	3.36	11	2.76	7.1
592	848	**Allied Stores**	9.8	31⅛–18⅝	25¼	20.2	509	4.21	6	1.80	7.1
593	594	**FMC**	9.7	35¾–20⅛	26⅞	32.3	868	3.51	8	1.60	6.0
594	573	**Air Prods & Chems**	9.6	54¼–21	38	28.5	1,084	4.42	9	0.80	2.1
595	467	**Tesoro Petroleum**	9.4	32¼– 6¾	17½	15.3	267	4.84	4	0.40	2.3
596	657	**Brunswick**	9.2	22½–10⅛	17¾	20.3	360	2.63	7	0.90	5.1
597	322	**Louisiana-Pacific**	8.9	31 –10¼	17⅛	30.9	528	1.06	16	0.80	4.7
598	698	**Kerr-McGee**	8.8	46½–19⅞	37¼	51.8	1,928	3.79	10	1.10	3.0
599	890	**American Home Products**	8.2	37¼–21⅜	34⅝	155.5	5,385	3.09	11	2.00	5.8
600	358	**SCM**	8.1	32¼–15⅛	23½	9.5	222	5.00	5	2.00	8.5
601	835	**Denny's**	8.0	35 –11⅞	26⅞	9.9	266	3.25	8	0.88	3.3
602	386	**U S Industries**	7.8	12⅛– 6¼	8⅝	23.8	205	–2.95	def	0.76	8.8
603	672	**Olin**	7.7	27 –12½	22⅞	24.1	551	2.14	11	1.20	5.2
604	745	**Eli Lilly**	7.6	68¾–32⅝	51¼	76.0	3,894	4.76	11	2.30	4.5
605	680	**Anderson, Clayton**	7.5	27⅜–18⅛	25¼	12.3	312	4.80	5	1.20	4.8
606	650	**Genl Tire & Rubber**	7.2	30 –12	25¼	24.1	609	5.29	5	1.50	5.9
607	763	**Potomac Elec Power**	7.0	16⅝–10	15⅜	43.5	669	2.10	7	1.60	10.4
608	759	**Nash Finch**	6.9	16 –12	15½	3.4	53	3.00	5	1.34	8.6
609	739	**Greyhound**	6.7	20¼–11	16	45.3	725	3.10	5	1.20	7.5
609	243	**NCR**	6.7	81½–32	40	26.7	1,067	8.77	5	2.20	5.5
611	361	**Mead**	6.6	33⅞–16¾	22⅛	26.5	587	4.53	5	2.00	9.0
612	549	**Natl Semiconductor**	6.3	51½–10⅛	19¾	22.5	445	1.57	13	none	0.0
613	675	**National Fuel Gas**	6.3	36⅜–21¼	29¾	5.1	152	5.93	5	2.90	9.7
614	697	**Interco**	6.2	57¼–34	49⅛	14.2	695	7.90	6	2.88	5.9
615	430	**Ethyl**	5.8	36½–18⅜	22¾	19.3	439	4.50	5	1.50	6.6
616	676	**Ceco**	5.8	24⅜– 9⅛	18¼	3.2	59	4.08	4	0.96	5.3
616	543	**Hammermill Paper**	5.8	35¼–16	27⅜	7.3	199	5.38	5	1.84	6.7
618	736	**Continental Tel**	5.7	19½–12⅝	18⅝	58.4	1,087	2.24	8	1.56	8.4
618	514	**Emhart**	5.7	45 –23¼	30¾	13.2	405	4.62	7	2.40	7.8
620	620	**AMAX**	5.4	69 –20¼	42	62.7	2,634	4.51	9	2.40	5.7
621	564	**Amstar**	5.4	32½–14	24½	9.0	221	8.76	3	1.90	7.8
622	480	**Williams Companies**	5.4	49⅞–14	27	29.8	803	4.62	6	1.20	4.4
623	248	**Toro**	5.4	29⅝– 5⅞	7⅜	5.6	41	–3.03	def	none	0.0
624	507	**Columbia Gas System**	5.4	47 –25⅛	32	33.3	1,066	5.12	6	2.70	8.4
625	449	**NICOR**	5.3	45½–26⅛	32½	21.3	692	5.12	6	2.84	8.7
626	*	**Hawaiian Electric**	5.2	28¼–18¼	25½	6.6	167	3.62	7	2.84	11.1
627	295	**United Technologies**	5.1	65¾–32¼	40⅞	51.7	2,112	7.73	5	2.40	5.9
628	775	**General Foods**	5.0	37 –23½	31¼	49.4	1,569	4.79	7	2.20	6.9
628	423	**Gt Northern Nekoosa**	5.0	47¾–23⅛	34⅛	16.2	556	5.85	6	2.00	5.8
630	766	**General Tel & Elec**	4.7	34¼–23	33⅜	162.6	5,425	4.17	8	2.84	8.5
631	828	**Easco**	4.7	30¼–13⅝	22½	3.3	73	3.57	6	1.32	5.9
632	919	**Liberty Natl Ins Hld**	4.5	28¼–16⅜	26⅜	18.8	496	3.87	7	1.40	5.3
633	710	**McCormick**	4.4	32¾–12⅝	17⅞	12.3	220	1.87	10	0.83	4.6
634	643	**Universal Foods**	3.7	23 – 9⅞	15⅛	7.0	106	1.95	8	0.96	6.3
635	903	**J P Morgan**	3.3	63⅞–39⅝	58⅛	38.9	2,261	7.61	8	3.10	5.3
636	668	**Illinois Tool Works**	3.2	33¼–18½	28½	12.2	349	3.26	9	1.08	3.8
637	550	**PPG Industries**	3.0	58¼–23⅛	39½	34.9	1,379	6.97	6	2.36	6.0
638	528	**Riegel Textile**	3.0	25½–15¼	21¼	3.8	80	4.44	5	1.80	8.5
639	406	**Saxon Industries**	2.6	9¾– 3¾	4⅞	7.1	35	0.45	11	0.05	1.0
640	652	**Magic Chef**	2.6	15⅞– 6	10	7.8	78	2.03	5	0.48	4.8

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.

*Not ranked last year. de[illegible] deficit.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
641	225	**Raymond Intl**	2.2%	36 –12⅝	19	6.0	**$ 113**	$2.49	8	$1.00	5.3%
642	905	**General Mills**	2.2	39½–19	35⅛	50.4	**1,771**	4.29	8	1.64	4.7
643	923	**Squibb**	2.1	39¼–21⅜	30⅛	50.0	**1,505**	2.39	13	1.26	4.2
644	633	**DETROITBANK**	2.1	29¾–18¾	24¼	8.1	**196**	4.09	6	2.00	8.2
645	355	**Peoples Energy**	2.1	62⅞–31⅝	37⅛	29.2	**1,083**	5.40	7	3.08	8.3
646	517	**Tiger International**	2.0	34⅝–10⅛	12½	16.9	**212**	1.39	9	0.90	7.2
647	533	**McGraw-Edison**	2.0	51 –20¾	32	16.5	**528**	3.93	8	1.80	5.6
648	176	**Savin**	2.0	25 – 7	9⅝	6.2	**60**	–1.57	def	0.34	3.5
649	887	**Duke Power**	1.7	23½–13¾	22⅜	87.4	**1,956**	3.17	7	2.20	9.8
650	678	**NLT**	1.6	37 –15½	24⅜	34.6	**844**	3.90	6	1.32	5.4
651	607	**Eaton**	1.3	41½–20¼	29⅝	27.2	**806**	2.96	10	1.72	5.8
652	811	**TECO Energy**	1.2	22¾–13¼	20½	16.4	**336**	3.30	6	1.72	8.4
653	720	**Sherwin-Williams**	1.2	23¼– 9⅞	20¾	9.9	**205**	3.39	6	0.80	3.9
654	504	**Malone & Hyde**	1.0	39¼–21¼	25½	7.8	**199**	2.37	11	1.40	5.5
655	721	**Northwest Airlines**	0.8	38¼–19	30	21.7	**650**	0.90	33	0.80	2.7
656	483	**North Amer Philips**	0.7	59⅝–23½	36¼	13.6	**494**	7.85	5	1.70	4.7
657	645	**Lukens Steel**	0.5	19 –10¾	13	5.2	**68**	2.12	6	0.72	5.5
658	639	**White Consolidated**	0.5	38 –16¾	27	13.3	**359**	5.39	5	1.50	5.6
659	556	**Boise Cascade**	0.0	48¼–22¼	33⅝	26.6	**896**	4.53	7	1.90	5.7
659	301	**Nashua**	0.0	38 –15⅝	18	4.7	**84**	3.10	6	1.60	8.9
659	306	**Occidental Petroleum**	0.0	39⅛–14⅞	24	94.4	**2,267**	6.78	4	2.50	10.4
659	909	**Texas Utilities**	0.0	23⅜–14⅞	21¾	104.4	**2,271**	3.51	6	1.88	8.6
663	768	**Diamond Intl**	–0.3	50 –26¼	36¼	13.7	**497**	2.50	15	2.20	6.1
664	674	**General Electric**	–0.5	69⅞–43⅝	55⅜	227.9	**12,618**	7.07	8	3.20	5.8
665	428	**Bemis**	–0.6	32⅝–18	22⅝	3.8	**85**	4.34	5	1.60	7.1
666	714	**West Point-Pepperell**	–0.6	26 –13⅝	20½	9.9	**200**	4.23	5	1.80	8.9
667	818	**Florida Power**	–0.8	17⅛–10⅞	15⅞	36.2	**575**	2.62	6	1.80	11.3
668	795	**Owens-Illinois**	–0.9	33 –17⅛	27⅞	29.8	**830**	5.41	5	1.56	5.6
669	954	**Fisher Foods**	–1.1	15½– 5⅝	11¾	6.1	**71**	1.49	8	0.60	5.1
670	512	**Dayco**	–1.3	17⅝– 9¾	12⅜	5.9	**73**	1.21	10	0.56	4.5
671	614	**Southern Pacific**	–1.4	55 –25	35⅜	27.0	**955**	6.24	6	2.60	7.3
672	939	**Fidelcor**	–1.5	24⅞– 8⅞	24⅛	5.1	**123**	4.46	5	1.00	4.1
673	816	**Pacific Gas & Elec**	–1.6	25½–19¼	22¾	126.4	**2,877**	3.43	7	2.72	12.0
674	800	**GAF**	–1.9	16⅜– 7¼	13⅛	13.7	**180**	1.17	11	0.80	6.1
675	411	**H F Ahmanson**	–2.3	28¼–14½	16	23.7	**380**	–0.05	def	1.20	7.5
676	792	**Arizona Public Service**	–2.6	21⅝–14⅝	19⅛	53.3	**1,019**	3.03	6	2.28	11.9
677	400	**Gt Western Financial**	–2.7	27¾–12	15¼	22.6	**345**	0.37	41	0.88	5.8
678	578	**Transway Intl**	–2.7	30½–19¼	22½	6.5	**147**	3.76	6	1.80	8.0
679	754	**American Airlines**	–2.8	21⅝– 6¾	13⅛	28.7	**377**	–1.29	def	none	0.0
680	692	**Continental Group**	–3.3	40½–25¼	32¾	33.0	**1,080**	7.85	4	2.60	7.9
681	811	**Lucky Stores**	–3.5	18½–12¼	13⅞	50.2	**696**	1.81	8	1.16	8.4
682	787	**Montana Power**	–3.6	36⅜–18	26½	13.7	**363**	3.71	7	2.28	8.6
683	777	**Laclede Gas**	–3.7	24¼–14⅞	19½	4.4	**85**	3.15	6	2.40	12.3
684	738	**Commonwealth Energy**	–3.9	18⅞–11¾	15½	7.8	**121**	2.20	7	1.88	12.1
685	750	**Continental Corp**	–4.1	31⅞–21½	26¼	50.8	**1,334**	3.18	8	2.40	9.1
686	829	**American Tel & Tel**	–4.1	65⅝–45	60⅞	812.8	**49,477**	8.52	7	5.40	8.9
687	664	**Ryan Homes**	–4.4	30 –14⅜	19	6.6	**126**	1.49	13	1.30	6.8
688	356	**DeSoto**	–4.5	20¼–10	13⅜	5.5	**74**	2.29	6	1.12	8.4
689	585	**Square D**	–4.5	37⅜–17⅝	26⅝	26.9	**717**	3.99	7	1.84	6.9
690	251	**United Brands**	–4.8	17⅜– 6⅝	10	10.6	**106**	0.83	12	0.40	4.0
691	819	**Kansas Power & Light**	–5.0	23⅝–14½	19⅛	15.1	**289**	3.17	6	2.20	11.5
692	496	**National Distillers**	–5.0	33⅜–18	23⅞	32.1	**767**	3.74	6	2.20	9.2
693	842	**Wisconsin Pwr & Lt**	–5.1	23 –14⅛	21⅛	11.6	**246**	3.00	7	2.08	9.8
694	510	**Gulf Resources & Chem**	–5.2	37⅞– 8⅛	16⅛	8.9	**143**	–8.27	def	none	0.0
695	415	**Bell & Howell**	–5.3	34⅜–13⅞	17¼	5.6	**100**	2.57	7	0.96	5.4
696	540	**Contineatal Airlines**	–5.5	17½– 6	6½	15.4	**100**	–4.04	def	none	0.0
697	561	**Stewart-Warner**	–5.6	33⅛–13⅞	21	6.5	**136**	2.60	8	1.68	8.0
698	900	**Capital Holding**	–5.6	26½–16	21	27.9	**586**	3.37	6	1.20	5.7
699	703	**American Cyanamid**	–5.8	38 –20⅝	26¼	48.0	**1,261**	3.75	7	1.75	6.7
700	310	**Louisiana Land**	–5.9	63¾–19½	28	38.0	**1,063**	4.61	6	1.80	6.4
701	647	**Harcourt Brace Jovan**	–5.9	21 –12⅞	15⅞	8.8	**140**	2.48	6	1.00	6.3
702	723	**Interlake**	–6.0	45 –21⅛	35½	6.1	**217**	8.92	4	2.60	7.3
703	606	**NBD Bancorp**	–6.3	35⅜–22½	26⅛	12.3	**320**	5.72	5	2.08	8.0
704	729	**Atlanta Gas Light**	–6.3	17⅛–12⅝	14⅞	4.5	**67**	2.57	6	1.68	11.3

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
def: deficit.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
705	813	Wisconsin Public Svc	–6.4%	21¾–13⅝	20¼	11.1	$ 225	$2.84	7	$1.96	9.7%
706	616	American Bakeries	–6.4	18⅜–10¾	11	2.4	26	–0.75	def	none	0.0
707	741	Houston Industries	–6.7	24⅛–16½	19¾	73.4	1,450	3.20	6	2.00	10.1
708	580	Edward Hines Lumber	–6.8	27¾–12	17¼	1.8	31	–1.29	def	0.60	3.5
709	837	Wm Wrigley Jr	–6.8	48⅜–28½	34¼	7.9	270	4.02	9	2.24	6.5
710	820	Baltimore Gas & Elec	–7.0	28½–18⅜	24⅞	33.3	828	3.83	6	2.68	10.8
711	806	Winn-Dixie Stores	–7.1	37¼–23⅝	31⅝	24.8	784	3.80	8	2.16	6.8
712	804	Indianapolis Pwr & Lt	–7.1	27–17	22¾	14.3	326	2.95	8	2.40	10.5
712	859	Sybron	–7.1	24¾–12	17⅞	9.6	171	2.16	8	1.08	6.0
714	936	Pac Gamble Robinson	–7.3	25⅛–15⅞	21	2.0	41	2.91	7	1.60	7.6
715	748	San Diego Gas & Elec	–7.7	16⅜–9	13½	41.2	556	2.27	6	1.68	12.4
716	962	Royal Crown Cos	–7.8	21½–10⅝	16¼	8.2	133	1.45	11	1.04	6.4
717	875	Clorox	–8.2	15⅞–7⅞	11¼	23.0	258	1.78	6	0.84	7.5
718	951	Walter E Heller Intl	–8.3	34–14	20⅝	11.9	244	3.62	6	1.30	6.3
718	332	H K Porter	–8.3	75–47	55	1.2	64	4.46	12	3.20	5.8
720	545	GATX	–8.5	46–22¼	31⅛	12.9	401	5.31	6	2.40	7.7
721	704	Amerace	–8.8	32¼–16¼	16¾	2.5	42	3.40	5	1.32	7.9
722	865	Intl Flavors & Frag	–9.0	27⅝–16⅝	20⅛	36.6	737	1.42	14	1.00	5.0
723	603	Textron	–9.1	38½–20⅝	25	34.4	860	2.36	11	1.80	7.2
724	957	Wisconsin Elec Power	–9.2	32¾–19	28½	20.6	587	3.68	8	2.68	9.4
725	857	Niagara Mohawk Power	–9.6	17¼–10	13	81.2	1,056	2.26	6	1.64	12.6
726	684	Philadelphia Natl	–9.8	35–23½	31⅛	5.8	181	6.08	5	3.08	9.9
727	695	AmeriTrust	–9.9	38–23	31¼	9.3	289	5.96	5	2.72	8.7
728	486	Willamette Inds	–9.9	48⅝–20⅜	27⅝	14.8	409	2.63	11	1.50	5.4
729	789	WICOR	–10.4	25⅜–16⅜	18⅜	4.1	75	2.84	6	2.14	11.6
730	665	Caterpillar Tractor	–10.8	73¼–43½	51¾	87.5	4,529	7.11	7	2.40	4.6
731	805	Manufacturers Hanover	–10.8	41⅜–26½	35	33.6	1,177	7.17	5	2.72	7.8
732	904	No States Power	–11.0	30½–18	26¼	29.3	770	3.81	7	2.56	9.8
733	623	Arvin Industries	–11.2	23⅜–9¾	14⅞	6.8	102	2.32	6	1.12	7.5
734	824	Pillsbury	–11.3	47¾–27⅛	36½	21.6	788	5.68	6	2.24	6.1
735	785	Northern Trust	–11.3	42–27¾	37¼	4.8	179	7.08	5	2.72	7.3
736	873	A H Robins	–11.5	14¾–6⅝	10⅝	25.1	266	1.10	10	0.48	4.5
737	372	Ideal Basic Inds	–11.5	36¼–16½	20¼	13.6	276	3.07	7	1.70	8.4
737	756	Mercantile Bancorp	–11.5	32½–20½	27	5.9	159	6.16	4	2.48	9.2
739	897	Northeast Utilities	–11.5	12⅜–7⅜	9⅝	78.5	755	1.34	7	1.18	12.3
740	849	Delmarva Power & Lt	–11.5	15–10¼	12½	25.3	316	1.65	8	1.52	12.2
741	825	American Can	–11.5	45¼–27	34½	19.4	668	3.88	9	2.90	8.4
742	725	J P Stevens	–11.6	18¾–11	14¼	14.5	206	–1.62	def	1.20	8.4
743	965	Central & South West	–11.9	17⅜–11¼	14⅞	80.1	1,192	2.53	6	1.58	10.6
744	769	Minn Mining & Mfg	–11.9	66–43	49⅞	117.4	5,856	4.92	10	3.00	6.0
745	488	Pettibone	–11.9	29¼–14½	15½	2.8	43	–1.00	def	0.60	3.9
746	914	Norton Simon	–12.0	20⅞–11	16¾	39.6	664	2.40	7	1.08	6.4
747	753	Dana	–12.1	33½–17⅞	25½	35.5	906	3.26	8	1.60	6.3
748	658	Signode	–12.2	45–28⅜	35⅛	8.0	282	3.95	9	2.00	5.7
749	727	Northwest Bancorp	–12.2	32⅜–18	25⅛	26.0	654	4.30	6	1.64	6.5
750	886	Boston Edison	–12.3	28⅜–18⅝	24	14.0	336	4.82	5	2.80	11.7
751	461	Super Food Services	–12.4	16⅜–9⅞	11¾	1.9	22	1.11	11	0.44	3.7
752	898	First Chicago	–12.6	25⅜–10¾	20	39.9	798	2.32	9	1.20	6.0
753	758	BancOhio	–12.7	24½–11¾	15¼	8.0	123	4.13	4	0.80	5.2
754	774	Minnesota Gas	–12.7	25⅛–17⅛	20⅝	4.3	88	3.85	5	2.16	10.5
755	765	CBS	–12.8	64¾–42½	51¾	27.9	1,444	6.45	8	2.80	5.4
756	871	Longs Drug Stores	–12.9	36⅞–20⅝	29½	10.6	312	2.66	11	0.92	3.1
757	451	Rexnord	–13.0	21⅛–14½	15	20.0	300	1.87	8	1.08	7.2
758	571	Amer Natl Resources	–13.4	56½–34¼	38	23.4	889	6.48	6	3.44	9.1
759	802	Pay'n Save	–13.5	29⅝–18	22½	5.5	124	3.09	7	1.00	4.4
760	982	Culbro	–13.5	23⅝–6	18⅜	3.2	59	18.59	1	0.25	1.4
761	577	Blue Bell	–13.8	37⅞–18¼	25	12.6	314	3.70	7	1.80	7.2
762	655	Gould	–14.2	35½–19¼	25¾	36.8	948	2.27	11	1.72	6.7
763	952	Coca-Cola	–14.2	47¼–28⅞	33⅞	123.6	4,187	3.82	9	2.32	6.8
764	803	Pub Svc Elec & Gas	–14.7	26⅛–15½	19⅝	84.3	1,654	2.69	7	2.44	12.4
765	624	Intl Tel & Tel	–14.8	36⅜–22⅞	28⅞	126.5	3,651	3.93	7	2.68	9.3
766	996	Keystone Consolidated	–14.8	21⅞–7¼	18	1.9	34	3.04	6	none	0.0
766	542	Potlatch	–14.8	49¼–23⅝	30¼	15.3	462	2.34	13	1.48	4.9
768	579	Interpace	–14.8	31¼–15	17¼	4.2	72	3.16	5	1.50	8.7

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
def: deficit.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
769	708	**Utah Power & Light**	–14.9%	23¼–13	19	40.2	**$ 763**	$2.55	7	$2.20	11.6%
770	878	**Carolina Pwr & Lt**	–15.0	25⅜–14⅞	20½	52.3	**1,071**	3.30	6	2.40	11.7
771	743	**National-Standard**	–15.0	23⅞–13	14⅛	4.1	**58**	0.27	52	1.24	8.8
772	917	**Whirlpool**	–15.1	30½–14⅝	23¼	36.3	**843**	3.94	6	1.60	6.9
773	719	**Echlin Manufacturing**	–15.2	21½–10	11⅞	20.6	**244**	0.70	17	0.52	4.4
774	850	**First Bank System**	–15.3	46½–32¾	37½	15.2	**569**	7.21	5	2.44	6.5
775	419	**Amer Hoist & Derrick**	–15.3	26⅝–12	15¼	6.1	**93**	3.17	5	1.12	7.3
776	868	**Kellogg**	–15.4	27⅞–15⅝	23⅜	76.4	**1,787**	2.54	9	1.50	6.4
777	259	**Gibraltar Financial**	–15.5	16⅝– 4⅜	5½	14.0	**77**	–2.74	def	none	0.0
778	845	**Southwestern Pub Svc**	–15.7	16 – 9½	12¾	32.0	**408**	1.91	7	1.50	11.8
779	970	**Moore Corp**	–16.0	38⅝–23½	30¼	28.0	**848**	4.14	7	1.80	6.0
780	605	**Robertshaw Controls**	–16.2	29½–14⅝	19⅜	3.5	**68**	2.75	7	1.40	7.2
781	941	**Va Electric & Power**	–16.3	15¾– 9⅛	12⅞	104.1	**1,340**	1.85	7	1.50	11.7
782	613	**Scott Paper**	–16.3	28½–12	17⅜	43.0	**747**	2.96	6	1.00	5.8
783	893	**Gulf States Utils**	–16.4	14⅞– 9	12⅛	56.6	**687**	2.22	5	1.48	12.2
784	637	**Manufacturers National**	–16.8	30⅜–14	17¾	5.1	**91**	1.28	14	2.20	12.4
785	832	**Rochester Gas & Elec**	–16.9	19 –10⅞	14¼	18.9	**269**	2.59	6	1.60	11.2
786	447	**Tenneco**	–17.0	58⅜–28	30½	128.9	**3,930**	5.67	5	2.60	8.5
787	847	**Long Island Lighting**	–17.1	20⅜–13½	15⅛	80.1	**1,211**	2.63	6	1.94	12.8
788	798	**Pennwalt**	–17.2	42½–25⅜	27⅛	9.0	**243**	3.43	8	2.20	8.1
789	516	**Penn Traffic**	–17.3	19¼–11¼	12⅞	2.1	**28**	2.48	5	1.20	9.3
790	450	**Eastern Gas & Fuel**	–17.3	32½–13	22⅛	22.7	**501**	2.30	10	1.20	5.4
791	793	**E I du Pont**	–17.3	56 –31⅛	37¼	234.4	**8,732**	5.86	6	2.40	6.4
791	907	**Kansas City Pwr & Lt**	–17.3	32⅜–18⅛	24½	15.5	**379**	3.17	8	2.96	12.1
793	860	**Jefferson-Pilot**	–17.8	38 –22⅛	26½	21.9	**579**	4.53	6	1.52	5.7
794	518	**Alcoa**	–17.9	38¼–19⅜	23½	74.4	**1,750**	4.94	5	1.80	7.7
795	937	**Central Illinois Lt**	–17.9	19¾–11¼	14⅞	11.6	**172**	2.34	6	1.82	12.2
796	528	**A O Smith**	–18.1	24⅞–12⅛	13	4.9	**64**	2.83	5	1.00	7.7
797	906	**Procter & Gamble**	–18.2	93⅝–62¾	76⅝	82.7	**6,340**	8.39	9	4.20	5.5
798	767	**Phelps Dodge**	–18.2	48½–17⅝	33¼	20.9	**706**	3.92	9	1.60	4.7
799	912	**Northwestern Steel**	–18.3	38¼–20¼	24½	7.5	**184**	3.75	7	1.20	4.9
800	715	**Anchor Hocking**	–18.5	21½–13¼	16½	10.3	**169**	2.87	6	1.36	8.2
801	9[illegible]1	**Middle South Utils**	–18.7	17⅞–10¼	13⅜	122.6	**1,671**	2.42	6	1.66	12.2
802	877	**So Carolina E & G**	–18.7	21 –12	15¼	29.2	**459**	2.43	6	1.82	11.6
803	493	**Kaiser Alum & Chem**	–18.8	30¼–13¼	14⅞	42.9	**639**	4.46	3	1.40	9.4
804	807	**St Regis Paper**	–19.1	42½–25¼	31⅛	34.2	**1,070**	5.28	6	2.24	7.2
805	784	**Central Soya**	–19.1	21⅛– 8⅝	11⅝	15.2	**177**	1.31	9	0.84	7.2
806	599	**Hoover**	–19.2	18⅝– 8⅝	9½	12.3	**117**	–1.28	def	1.00	10.5
807	961	**Collins & Aikman**	–19.2	13½– 6¼	10½	10.8	**114**	1.49	7	0.72	6.9
808	788	**Stauffer Chemical**	–19.6	27¾–14½	20	44.0	**880**	3.82	5	1.32	6.6
809	885	**Penn Power & Light**	–19.7	25⅛–14½	17⅞	56.4	**1,008**	3.04	6	2.24	12.5
810	299	**Del E Webb**	–19.7	38 – 6⅛	7⅛	9.6	**68**	1.14	6	none	0.0
811	992	**Heublein**	–20.1	42⅞–22	33⅜	21.5	**718**	4.32	8	2.00	6.0
812	834	**Borden**	–20.2	36⅛–19⅝	27⅛	29.4	**797**	5.15	5	2.05	7.6
813	881	**Detroit Edison**	–20.7	18 –10	12	88.4	**1,061**	2.12	6	1.68	14.0
814	648	**Diamond Shamrock**	–20.8	39⅝–19	27⅛	62.6	**1,699**	1.69	16	1.76	6.5
815	830	**Republic Steel**	–21.0	34⅞–20¼	25⅞	16.2	**419**	12.63	2	2.00	7.7
816	380	**Howell**	–21.0	33 – 4⅜	9⅞	4.9	**49**	1.83	5	0.40	4.1
817	746	**Beneficial Corp**	–21.2	32⅛–17⅝	21⅜	22.2	**474**	–0.25	def	2.00	9.4
818	782	**Household Intl**	–21.5	22 –13⅝	16⅞	46.6	**786**	1.86	9	1.65	9.8
819	861	**Consumers Power**	–21.6	25⅞–15⅜	17¼	59.9	**1,063**	3.47	5	2.36	13.3
820	894	**Phila Electric**	–21.7	21¼–11⅛	14	106.3	**1,488**	2.14	7	2.00	14.3
821	629	**Singer**	–21.7	25¾– 6¼	15¼	16.6	**262**	2.50	6	0.10	0.6
822	971	**Citicorp**	–21.8	34 –17	25⅝	122.9	**3,150**	3.36	8	1.56	6.1
823	831	**Scot Lad Foods**	–21.8	8 – 3½	4⅜	4.4	**19**	1.03	4	none	0.0
824	870	**Maytag**	–21.8	35⅞–21½	27¾	14.1	**392**	2.85	10	2.30	8.3
825	654	**Scovill**	–21.8	24⅞–13⅞	17	9.4	**160**	2.21	8	1.52	8.9
826	731	**BankAmerica**	–21.9	30⅞–20¼	23⅝	147.6	**3,486**	3.47	7	1.52	6.4
826	858	**N Y State Elec & Gas**	–21.9	21¾–13⅛	15¾	32.3	**508**	2.65	6	2.00	12.7
828	742	**Equifax**	–22.0	30¼–17	23	3.4	**77**	4.67	5	2.40	10.4
829	902	**Carter Hawley Hale**	–22.1	23 –13¼	15	28.0	**420**	1.92	8	1.22	8.1
830	737	**Castle & Cooke**	–22.1	20⅛– 9½	9½	26.4	**251**	1.16	8	0.80	8.4
831	931	**Southern Company**	–22.1	18 –10¼	12¼	184.7	**2,354**	1.93	7	1.62	12.7
832	794	**Pacific Pwr & Lt**	–22.3	24¼–16¼	18¾	50.4	**945**	2.82	7	2.04	10.9

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
def: deficit.

Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/earnings ratio	Indicated annual dividend	Current yield
833	921	Public Service Colo	−22.4%	20¼–11⅛	14¾	44.6	$658	$2.06	7	$1.68	11.4%
834	391	Eastern Air Lines	−22.4	15⅝– 5⅛	6½	24.8	161	−2.56	def	none	0.0
835	429	Wickes Companies	−22.4	19⅛–10⅛	10½	14.2	149	0.70	15	none	0.0
836	586	DEKALB AgResearch	−22.5	60¼–16½	26¾	12.9	344	2.70	10	0.72	2.7
837	956	Burlington Inds	−22.5	30 –14¾	22	28.5	626	4.10	5	1.52	6.9
837	583	Quaker State Oil	−22.5	23½–10¼	12¼	21.7	266	1.20	10	0.80	6.5
839	881	Kerr Glass Mfg	−22.5	17¾– 8½	12½	4.0	50	2.10	6	0.44	3.5
840	972	Eastman Kodak	−22.7	86¾–41⅛	66½	161.4	10,733	7.89	8	3.50	5.3
841	960	Uniroyal	−23.4	11¼– 3⅛	7⅜	26.6	196	1.30	6	none	0.0
842	896	Union Carbide	−23.4	62⅜–33⅝	47⅜	67.4	3,192	9.73	5	3.40	7.2
843	932	May Dept Stores	−23.4	32⅛–18	24½	29.4	719	4.18	6	1.70	6.9
844	619	First Charter Finl	−23.5	21¾–10¾	13	29.8	388	−0.66	def	0.80	6.2
845	661	Wetterau	−23.7	22¾– 9⅞	10⅞	7.6	82	1.12	10	0.80	7.4
846	838	Roadway Express	−23.9	50¼–21¾	34¼	19.8	6[illegible]	3.94	9	1.40	4.1
847	910	Skyline	−24.2	19⅝– 8½	14⅛	11.2	158	0.60	24	0.48	3.4
848	922	Goodyear	−24.2	23⅞–10¾	18	71.8	1,293	2.96	6	1.30	7.2
849	997	Sheller-Globe	−24.4	15⅜– 4¾	10⅞	6.2	68	2.67	4	0.40	3.7
850	530	Corning Glass Works	−24.4	75¾–44⅞	53⅞	18.3	987	6.51	8	2.32	4.3
851	978	Associated Dry Goods	−24.5	33⅝–15⅝	25	13.6	339	3.78	7	1.80	7.2
852	987	Illinois Power	−24.6	28⅝–15¾	20¾	39.0	809	2.80	7	2.48	12.0
853	899	Hercules	−25.0	28½–12¼	21	42.5	893	2.89	7	1.32	6.3
853	839	G C Murphy	−25.0	22½–11⅝	14¼	4.0	56	2.62	5	1.28	9.0
855	712	National City	−26.0	48½–28¾	33½	7.8	262	4.79	7	2.75	3.2
856	916	Central Il! Pub Svc	−26.0	16⅛– 9⅞	11⅜	30.1	342	1.53	7	1.44	12.7
857	739	UMC Industries	−26.1	22⅜– 9¼	11	6.1	67	1.74	6	1.20	10.9
858	879	Jonathan Logan	−26.1	16¼– 6½	11	5.2	57	−3.07	def	0.60	5.5
859	889	Union Electric	−26.2	16¾– 9¾	11⅝	67.0	779	1.77	7	1.52	13.1
860	876	Monsanto	−26.2	88⅞–42¼	65	39.3	2,556	8.37	8	3.80	5.8
861	840	Campbell Soup	−26.4	39⅝–25¼	29	32.2	935	4.10	7	2.10	7.2
861	908	Carnation	−26.4	40⅜–21	29	36.8	1,067	4.05	7	1.82	6.3
863	948	Allegheny Power	−26.4	22⅝–12⅛	16⅜	46.5	761	2.98	5	2.16	13.2
864	976	Dayton Power & Light	−26.4	22⅜–11⅛	14⅝	31.2	456	2.50	6	1.82	12.4
865	597	Texas Instruments	−26.6	150¾–61⅜	75⅜	23.5	1,774	5.38	14	2.00	2.7
866	557	Eagle-Picher Inds	−26.7	25⅝–13⅝	14¼	9.7	138	2.18	7	0.96	6.7
867	901	Black & Decker	−26.7	25¼–14¼	14¾	42.1	621	1.56	9	0.76	5.2
868	1002	Oklahoma Gas & Elec	−26.8	19⅞–11½	14⅜	33.9	487	1.80	8	1.68	11.7
869	593	Sperry	−26.9	65⅝–29⅜	31¼	41.8	1,307	5.31	6	1.92	6.1
870	627	B F Goodrich	−27.0	33⅝–16⅛	19⅝	17.4	342	4.14	5	1.56	7.9
871	843	Gas Service	−27.0	16¼– 9¼	10⅛	4.2	43	1.64	6	1.28	12.6
872	869	Pittston	−27.4	37⅛–16	25⅜	38.1	967	0.86	30	1.20	4.7
873	649	Fruehauf	−27.6	40 –19¾	20	12.3	245	2.89	7	1.40	7.0
874	867	Harris Bankcorp	−27.6	39⅛–20⅝	27½	6.9	189	3.86	7	2.20	8.0
875	691	IBM	−27.8	80½–48⅜	50⅜	587.8	29,609	5.91	9	3.44	6.8
876	646	Champion Intl	−27.9	30¼–16¾	19¾	54.8	1,082	2.24	9	1.48	7.5
877	969	UAL	−28.4	45¾–13½	19¼	29.5	568	1.01	19	none	0.0
878	744	Ingersoll-Rand	−28.6	80 –44¼	54½	19.3	1,049	8.58	6	3.40	6.2
879	935	Kentucky Utilities	−28.7	25¼–14⅜	16½	14.2	235	1.92	9	2.12	12.8
880	*	Research-Cottrell	−28.7	26⅝– 9⅞	13⅜	4.8	64	1.98	7	0.32	2.4
881	925	Cincinnati G & E	−29.0	25⅞–14	16¼	34.0	553	2.26	7	2.10	12.9
882	929	American Motors	−29.0	9½– 2¾	2¾	57.0	157	−2.32	def	none	0.0
883	1004	Mohasco	−29.1	19¼– 7	13⅜	6.6	88	1.13	12	none	0.0
884	601	Cummins Engine	−29.6	58¾–25⅞	34⅛	8.4	288	11.03	3	2.00	5.9
885	1008	Federated Dept Stores	−29.9	49⅛–21¼	34⅜	48.5	1,667	5.17	7	1.90	5.5
886	778	Harnischfeger	−29.9	26 – 9¾	12⅝	10.1	127	3.09	4	0.40	3.2
887	863	Petrie Stores	−30.0	32⅞–15½	17⅝	20.3	358	2.40	7	1.47	8.3
888	920	Cleveland Elec Illum	−30.1	23⅜–13½	16⅛	50.4	813	2.47	7	2.08	12.9
889	874	Economics Laboratory	−30.2	29½–16⅛	17⅜	13.5	234	2.21	8	1.04	6.0
890	995	Commonwealth Edison	−30.4	32¼–16¼	22	120.4	2,649	3.16	7	2.80	12.7
891	926	Louisville Gas & Elec	−30.5	27½–14½	18½	13.9	258	3.31	6	2.22	12.0
892	700	MAPCO	−30.7	51⅞–26¼	30½	27.6	843	3.45	9	1.80	5.9
893	773	Union Camp	−30.8	66⅝–36½	46⅛	24.3	1,121	7.15	6	2.80	6.1
894	563	Modern Merchandising	−30.8	19⅜– 7½	9¼	8.5	78	0.63	15	0.20	2.2
895	760	Libbey-Owens-Ford	−31.1	37⅜–19¾	25¾	11.1	286	0.73	35	1.20	4.7
896	981	Emery Air Freight	−31.1	28¾–12	12⅞	15.5	200	1.46	9	1.00	7.8

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
def: deficit. *Not ranked last year.

Who's where in the stock market

Rank			5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
81	80	Company									
897	955	Duquesne Light	–31.7%	21¼–11⅜	14	44.7	$ 626	$1.92	7	$1.90	13.6%
898	823	Graniteville	–31.9	17¼– 9⅝	10⅛	4.3	44	0.87	12	1.00	9.9
899	779	Briggs & Stratton	–32.3	33¼–20¾	22½	14.5	325	1.58	14	1.52	6.8
900	631	Owens-Corning Fbrgls	–32.6	36⅝–21½	22½	30.7	690	2.13	11	1.20	5.3
901	933	American Elec Power	–32.8	25¾–15¼	17⅛	158.5	2,714	2.22	8	2.26	13.2
902	527	RCA	–33.0	33⅞–16¾	18	75.5	1,359	0.02	NM	1.80	10.0
903	1000	Fleetwood Enterprises	–33.1	19⅝– 5⅛	12⅞	11.2	144	0.63	20	0.52	4.0
904	959	Public Service Indiana	–33.2	31⅞–17½	21⅛	38.1	804	3.04	7	2.60	12.3
905	791	Avondale Mills	–33.4	26½–13⅜	16½	2.2	37	1.82	9	1.20	7.3
906	771	F W Woolworth	–33.5	32 –17	17⅛	30.3	518	3.90	4	1.80	10.5
907	977	Ralston Purina	–33.7	17⅞– 9¼	11¾	107.9	1,268	1.62	7	0.72	6.1
908	747	American Family	–33.7	15½– 7	7⅛	13.5	96	1.24	6	0.60	8.4
909	1011	Colonial Penn Group	–34.1	38 –13½	19⅛	16.1	308	1.23	16	1.40	7.3
910	990	Akzona	–34.1	19⅛– 7¾	11⅛	12.2	136	1.19	9	0.80	7.2
911	669	Xerox	–34.2	71¾–38½	38½	84.5	3,254	7.49	5	3.00	7.8
912	944	Portland Genl Elec	–34.4	20⅞–10¾	13⅜	39.4	527	2.25	6	1.74	13.0
913	732	General Refractories	–34.9	14 – 4¾	5⅛	3.8	19	–3.17	def	none	0.0
914	980	Toledo Edison	–35.4	27⅛–15	17⅛	23.3	399	2.69	6	2.28	13.3
915	799	Avon Products	–35.6	63 –30⅝	31⅞	60.2	1,917	3.96	8	3.00	9.4
916	474	Koppers	–36.2	35¼–16¼	16½	27.6	456	1.57	11	1.40	8.5
917	671	Clark Equipment	–36.3	45 –26¾	27	12.7	344	3.85	7	2.20	8.1
918	853	Foodarama Supermkts	–36.4	10 – 3	3½	1.3	5	0.46	8	none	0.0
919	938	Beatrice Foods	–36.6	28⅜–16¼	18	97.8	1,761	3.56	5	1.40	7.8
920	551	Crown Zellerbach	–36.9	62¼–25	28⅜	26.8	760	2.73	10	2.30	8.1
921	968	Hanna Mining	–37.3	54¼–28⅝	33⅞	8.9	302	5.86	6	2.00	5.9
922	985	Marshall Field	–37.4	35¼–12¾	14¼	10.8	154	2.17	7	1.24	8.7
923	1012	Warner-Lambert	–37.7	32½–17	19¼	79.7	1,534	0.12	NM	1.40	7.3
924	1022	Outboard Marine	–37.7	27¾– 8⅞	17⅛	8.4	143	3.22	5	0.80	4.7
925	841	Brockway Glass	–38.2	23⅞–12½	14	7.4	104	2.33	6	1.20	8.6
926	1006	United States Steel	–38.9	50 –16¼	30⅜	89.2	2,710	13.13	2	2.00	6.6
927	918	Chic Pneumatic Tool	–39.1	34⅞–16⅞	17¾	4.9	87	1.28	14	2.00	11.3
928	1018	Jos Schlitz Brewing	–39.3	18½– 5	11	29.1	320	–0.67	def	none	0.0
929	681	Revlon	–39.4	59 –26⅝	26⅞	36.2	973	4.17	6	1.84	6.8
930	943	Ohio Edison	–39.5	21½–10¼	12⅝	70.1	885	1.76	7	1.76	13.9
931	689	Bucyrus-Erie	–39.6	27½–14¼	16⅜	20.4	334	1.84	9	0.88	5.4
932	541	Reynolds Metals	–39.7	44⅞–23⅛	24⅛	19.3	467	7.24	3	2.40	9.9
933	856	Kellwood	–39.8	23½– 8⅛	9¼	3.5	32	0.92	10	0.40	4.3
934	751	Reichhold Chemicals	–39.9	20⅛– 9⅝	11½	6.9	80	2.43	5	0.48	4.2
935	827	Pan Am World Airways	–40.0	10¾– 2½	3	71.2	214	3.67	1	none	0.0
935	888	Western Air Lines	–40.0	14⅝– 5¾	6	13.0	78	–2.21	def	none	0.0
937	*	First Natl Supermkts	–40.6‡‡	14 – 3¾	4¾	3.1	15	1.60	3	0.02	0.4
938	949	Adolph Coors	–40.7	21¾– 9½	12	35.0	420	1.27	9	0.30	2.5
939	990	No Indiana Pub Svc	–41.5	21¼–10	11⅝	45.7	531	1.69	7	1.50	12.9
940	546	Borman's	–41.9	9⅞– 2	2¼	2.9	7	–2.18	def	none	0.0
941	850	Weyerhaeuser	–42.2	46½–20¾	26⅞	125.5	3,374	1.65	16	1.30	4.8
942	979	Pantry Pride	–42.2	7⅜– 1	3¼	9.6	31	–1.39	def	none	0.0
943	998	Armstrong World Inds	–42.3	27¾–12⅜	15⅞	24.7	393	2.26	7	1.10	6.9
944	958	International Paper	–42.5	69⅝–30½	39⅝	49.5	1,963	6.80	6	2.40	6.1
945	973	Lowe's Companies	–42.5	19⅞– 8⅞	11½	19.5	225	0.88	13	0.48	4.2
946	963	Champion Spark Plug	–42.7	14⅝– 7⅛	7⅜	38.3	283	0.69	11	0.80	10.8
947	966	Schering-Plough	–43.0	45⅝–24⅞	25½	53.2	1,356	3.45	7	1.68	6.6
948	470	Memorex	–43.8	60¼– 8⅜	13⅝	7.2	98	–5.59	def	none	0.0
949	975	Safeway Stores	–44.9	50⅜–24½	27⅝	26.1	721	4.17	7	2.60	9.4
950	945	Dow Chemical	–45.0	43¾–22	23⅞	190.4	4,546	3.56	7	1.80	7.5
951	1013	Colgate-Palmolive	–45.0	27⅝–11	15⅛	81.9	1,239	2.03	7	1.20	7.9
952	264	Allis-Chalmers	–45.2	38⅝–14¼	14¼	12.5	178	1.54	9	1.00	7.0
953	673	Liquid Air	–45.8	34½–17¼	17¾	10.2	181	2.77	6	1.60	9.0
954	953	National Steel	–46.3	45⅝–22¾	24¼	18.7	454	4.52	5	2.00	8.2
955	986	ARA Services	–47.8	50¾–23¾	26⅛	11.2	292	4.00	7	2.00	7.7
956	934	Fedl Natl Mortgage	–48.5	19⅝– 6⅜	8¾	59.1	517	–2.01	def	0.16	1.8
957	880	Bethlehem Steel	–48.6	40⅜–18⅛	20¾	43.7	906	5.40	4	1.60	7.7
958	1021	J C Penney	–48.7	52¾–19⅝	27	70.1	1,892	4.85	6	1.84	6.8
959	*	Telecom	–49.2	18 – 3¾	3¾	4.3	16	–3.22	def	none	0.0
960	884	Polaroid	–49.2	60¼–19	19¾	32.9	649	1.87	11	1.00	5.1

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.
*Not ranked last year. ‡‡Three-year price change. def: deficit. NM: not meaningful.

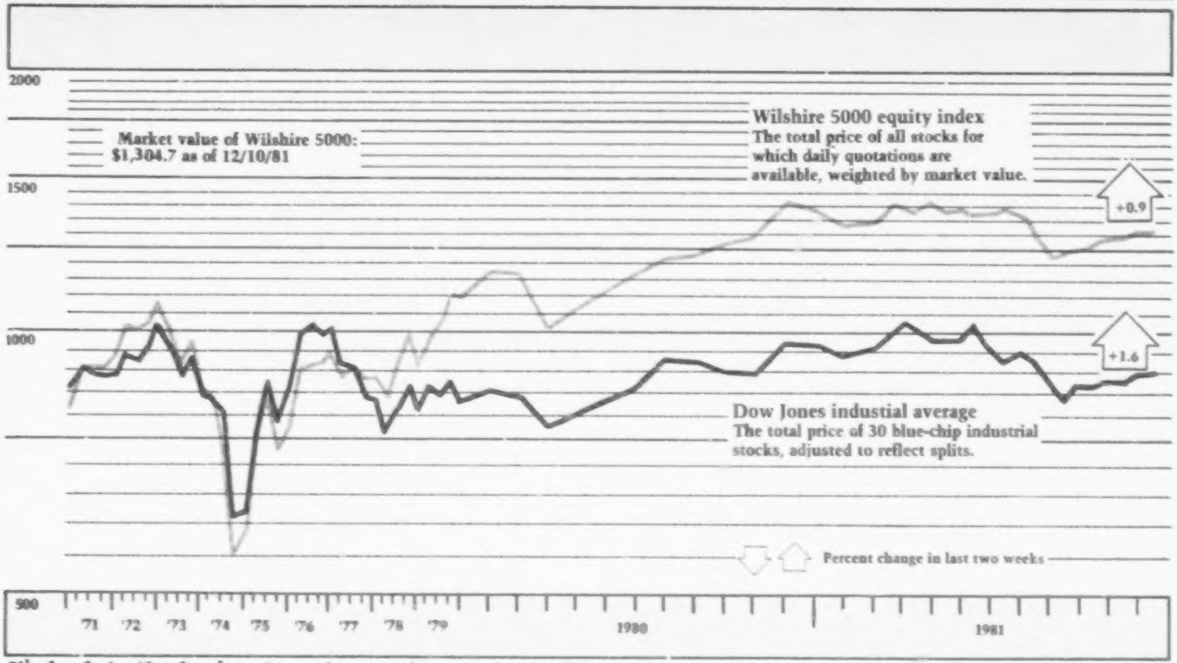
Who's where in the stock market

Rank 81	Rank 80	Company	5-year price change	1977-81 price range	Recent price	Shares outstanding (millions)	Total market value (millions)	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
961	809	**Georgia-Pacific**	-49.8%	37 –17¾	18½	98.9	**$1,830**	$1.92	10	$1.20	6.5%
962	964	**Pabst Brewing**	-50.0	34¾–10¾	11¾	8.2	**96**	-0.02	def	0.40	3.4
963	844	**Certain-teed**	-50.3	28¼–10	10⅝	13.5	**144**	-0.50	def	none	0.0
964	1015	**Sears Roebuck**	-51.8	34⅝–14⅜	16⅝	315.6	**5,247**	1.60	10	1.36	8.2
965	1020	**Firestone**	-52.1	23¾– 6⅛	11⅜	57.7	**657**	1.63	7	0.60	5.3
966	760	**Cal-Maine Foods**	-52.8	7 – 3⅛	3⅛	2.6	**8**	-1.77	def	none	0.0
967	913	**Jim Walter**	-55.0	39⅜–16⅝	17⅝	16.5	**291**	1.09	16	1.00	5.7
968	770	**Manville**	-55.2	38¼–13¾	15	23.2	**348**	1.42	11	1.92	12.8
969	946	**Inland Steel**	-55.5	52¼–22¼	22⅝	20.8	**471**	4.27	5	2.00	8.8
970	930	**General Motors**	-55.6	78½–34⅞	34⅞	301.0	**10,499**	0.97	36	2.40	6.9
971	833	**Envirotech**	-55.8	42⅝– 6½	15⅛	4.6	**69**	-0.40	def	none	0.0
972	883	**Zenith Radio**	-56.1	28 – 7⅞	12¼	18.9	**232**	1.08	11	0.30	2.4
973	1001	**Allied Supermarkets**	-57.7	4⅛– ⅛	1⅜	5.2	**7**	0.81	2	none	0.0
974	864	**Inco**	-58.6	34 –12½	13½	76.5	**1,032**	0.66	20	0.20	1.5
975	1007	**K mart**	-60.4	40⅞–15⅛	16⅛	124.0	**1,999**	1.88	9	0.96	6.0
976	983	**Westmoreland Coal**	-62.5	56 –17¾	21	6.8	**143**	-2.53	def	none	0.0
977	822	**Talley Industries**	-63.2	15⅜– 3⅜	3½	4.8	**17**	-1.86	def	none	0.0
978	947	**Goldblatt Brothers**	-63.3	6½– ¾	1⅜	3.0	**4**	-9.90	def	none	0.0
979	1019	**Yellow Freight System**	-64.0	42 –12	15⅝	14.2	**218**	1.33	12	0.84	5.5
980	846	**KDT Industries**	-64.8	18 – 4½	4⅝	7.3	**34**	0.20	23	none	0.0
981	994	**Bird & Son**	-65.0	26½– 7¾	9	4.1	**37**	-4.17	def	0.35	3.9
982	984	**Ford Motor**	-65.5	51⅞–15¾	17	120.6	**2,050**	-8.56	def	1.20	7.1
983	1003	**Burroughs**	-65.8	91¾–27⅛	31⅝	41.7	**1,309**	0.41	NM	2.60	8.3
984	1028	**General Public Utils**	-67.3	21⅝– 3⅜	6⅜	61.3	**391**	0.34	19	none	0.0
985	1026	**United Merch & Mfrs**	-67.4	13⅛– 2½	3¾	6.5	**25**	0.03	NM	none	0.0
986	993	**Penn-Dixie Inds**	-68.4	6¼– 1⅜	1⅝	5.3	**9**	-6.03	def	none	0.0
987	639	**Rath Packing**	-68.8	8¼– 1⅛	1¼	2.4	**3**	-4.93	def	none	0.0
988	1014	**Great Atl & Pac Tea**	-69.3	14¾– 3½	4⅜	37.4	**164**	-0.74	def	none	0.0
989	452	**AM International**	-69.8	32⅞– 3⅝	4	10.2	**41**	-10.49	def	none	0.0
990	1024	**McLouth Steel**	-72.8	18½– 4¼	5	5.5	**27**	-5.97	def	none	0.0
991	1009	**McLean Trucking**	-73.5	26¼– 6½	6¾	5.6	**38**	-0.17	def	0.32	4.7
992	999	**Braniff Intl**	-74.7	18⅝– 2⅛	2¾	20.0	**55**	-8.15	def	none	0.0
993	1005	**Olympia Brewing**	-75.8	60¼–11	11⅛	2.6	**29**	0.22	51	0.90	8.1
994	693	**Intl Harvester**	-76.1	45½– 7¼	7⅞	32.3	**254**	-2.18	def	none	0.0
995	1027	**First Pennsylvania**	-80.5	18⅞– 3	3¼	15.9	**52**	-2.75	def	none	0.0
996	974	**Chrysler**	-81.0	22 – 3¾	3⅞	73.1	**283**	-9.91	def	none	0.0
997	1023	**Sambo's Restaurants**	-87.3	27 – 2¼	2¼	12.8	**29**	-2.70	def	none	0.0
998	1017	**Commonwealth Oil Rfg**	-89.1	19⅜– ⅛	⅞	19.1	**17**	-5.01	def	none	0.0
999	1029	**Massey-Ferguson**	-91.4	23⅛– 1⅞	1⅞	36.9	**69**	-13.80	def	none	0.0
1000	505	**Seatrain Lines**	-96.1	15⅜– ⅜	⅜	14.5	**5**	NA	—	none	0.0
**	40	**Bruno's**		16⅞–10⅝	10¾	8.2	**89**	1.26	9	0.32	3.0
**	85	**Centl Louisiana Engy†**		40¼–37	38	21.7	**824**	4.08	9	0.48	1.3
**	*	**Coastal Corp**		59½–14¾	36	21.6	**778**	-0.12	def	0.40	1.1
**	*	**Consol Petroleum**		12½– 4⅛	4¾	9.8	**46**	0.16	30	none	0.0
**	*	**Cross & Trecker**		42¼– 9½	19	12.4	**235**	3.32	6	0.80	4.2
**	*	**CSX**		60½–41	56½	40.9	**2,313**	7.95	7	2.84	5.0
**	*	**Dart & Kraft**		52⅛–39⅜	50¼	54.5	**2,741**	7.16	7	3.40	6.8
**	362	**Dillingham**		13½– 9⅞	13	15.1	**197**	1.54	8	0.70	5.4
**	*	**Engelhard**		30¾–17	18⅛	27.2	**492**	2.52	7	0.56	3.1
**	*	**L B Foster**		17¼–12¾	15	9.7	**145**	3.28	5	0.10	0.7
**	223	**Fuqua Industries†**		21⅛–12½	19⅜	12.9	**250**	1.23	16	0.60	3.1
**	*	**GEO International**		46½–27⅜	35¼	11.2	**394**	4.16	8	0.24	0.7
**	*	**IU International**		24⅞– 9⅝	14¾	20.0	**295**	3.22	5	1.10	7.5
**	452	**LTV†**		22¼–12⅝	16⅜	47.8	**782**	8.17	2	none	0.0
**	*	**MGM Grand Hotels**		17⅜– 7⅛	8⅜	32.5	**272**	0.89	9	0.44	5.3
**	*	**Nabisco Brands**		31⅞–25⅛	29⅜	63.0	**1,852**	4.04	7	1.85	6.3
**	*	**NIKE**		27¼–17	26	17.5	**456**	1.91	14	none	0.0
**	209	**Peabody Intl**		8⅞– 5¼	7	10.9	**76**	-0.40	def	0.16	2.3
**	98	**Phibro**		37 –22½	26⅝	68.7	**1,829**	4.64	6	0.94	3.5
**	*	**Richardson-Vicks**		34¾–21¾	28⅞	23.6	**680**	3.37	9	1.48	5.1
**	*	**Swift Independent**		15⅜– 8¾	11	5.0	**55**	3.39	3	1.04	9.5
**	*	**Valero Energy**		43⅞– 5	24⅝	22.3	**550**	3.62	7	0.32	1.3
**	*	**Wilson Foods**		7 – 4	5¼	4.9	**26**	-7.62	def	none	

Note: Except as footnoted, price changes are measured from Dec. 31, 1976 to Nov. 18, 1981. For comparison, the five year change in the Consumer Price Index was 60.6%.

*Not ranked last year. **Not ranked due to merger, spin-off or new issue. †Spin-offs had little impact on the five-year price changes of the following companies: Central Louisiana Energy 169.0%; Fuqua Industries 68.5%; LTV 22.4%. NM: not meaningful. NA: not available. def: deficit.

The Forbes/Wilshire 5000 Review



It's back to the basics. Over the past four weeks, Wall Street confirmed a classic turnaround. The Dow, which trailed the overall market for the balance of 1981, is suddenly outpacing the broader averages. Meanwhile, the normally pace-setting o-t-c stocks are at the bottom of the current performance charts.

What's happening? Investors, it seems, are really nervous about the Reagan recession—and they're seeking refuge in tried-and-true blue chip equities. As a group, the only stocks that moved up significantly were big, low-volatility companies. In contrast, high-P/E, low-yield issues got clobbered.

The big question for the new year is whether this trend will continue. Several times during the past 12 months it seemed as if larger, old-line companies would reassert market leadership. But always they lost out to the robust, smaller-growth issues. Perhaps the current economic dip will finally break that trend.

In a moment when traditional virtues prevail, however, take time to study the 52-week performance figures. In a year when the overall inflation rate averaged close to 10%, it was rough sledding just to break even in the stock market. For the year, the broad-based Wilshire Index was down 0.3%, and only o-t-c stocks managed to stay positive. As a group, they were up 5.4%. That gets star billing on Wall Street, but allowing for rising price levels, most equity investors still lost money during 1981.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	1.3	3.7	1.6	0.3	–1.0
in last 52 weeks	–0.3	–1.8	–0.4	–0.5	5.4

Stock performance based on five key investor yardsticks

Percent change	Volatility *		P/E multiple		Dividend yield		Growth profile †		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–0.9	0.6	–2.6	–0.4	0.4	–1.9	–1.0	–0.7	1.9	–2.3
in last 52 weeks	8.1	19.3	–5.8	9.9	16.6	10.3	8.9	14.4	5.1	16.6

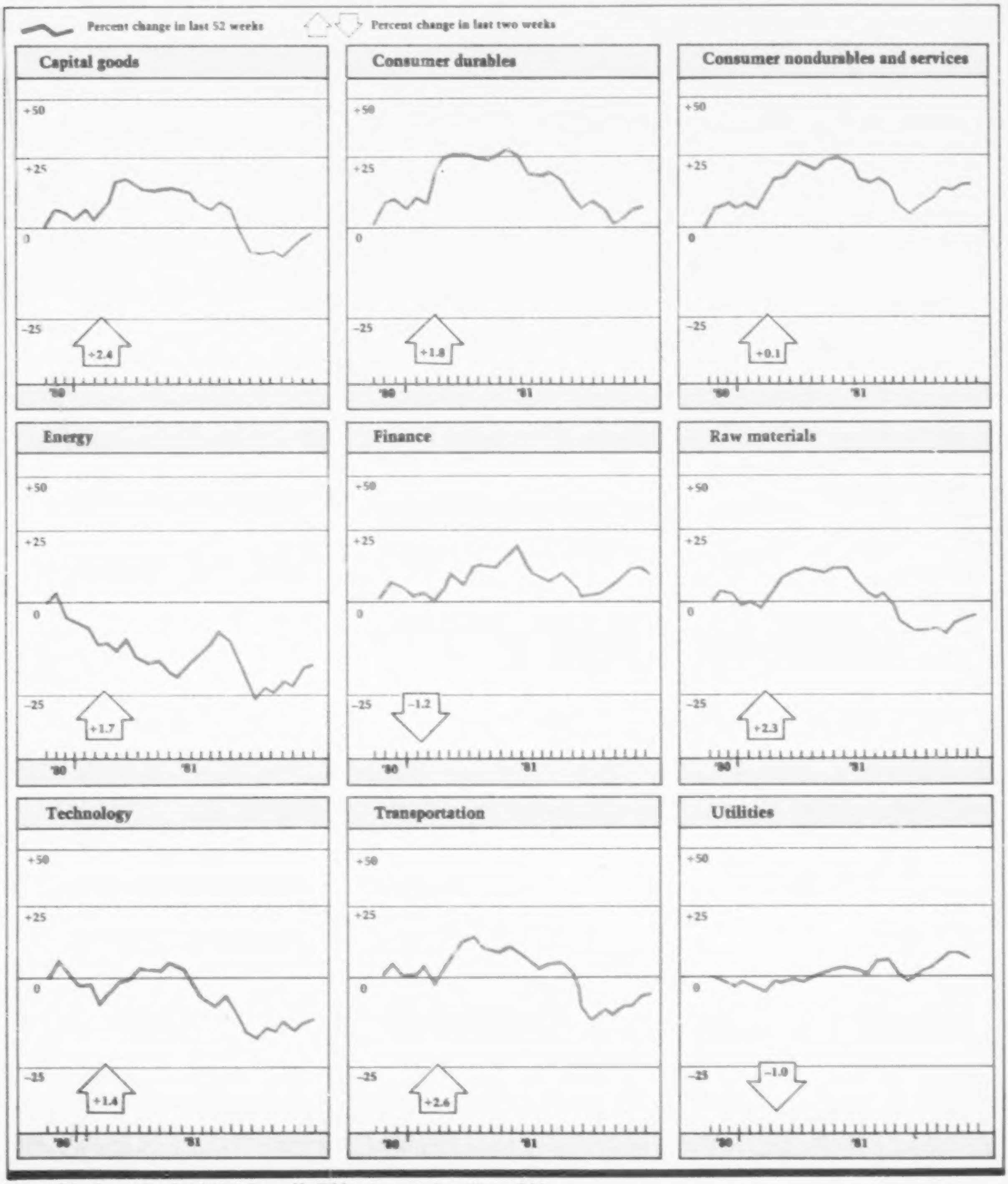
* A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

† A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/10/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Take a plane, take a train. Over the past two weeks, transportation stocks were Wall Street's stars—even though their 12-month showing is strictly low speed. At the same time, utility issues, which beat all groups in 12-month performance, transformed recent gains into a rout. In our last report, these high-yield issues were holding steady in the face of substantial 1981 price increases. Now, they are down significantly. Some folks, apparently, think the decline in interest rates is over.

Otherwise, raw materials and capital goods stocks were up smartly. Energy issues continued their recent gains as well—but at a much less dramatic pace than in recent weeks. Despite the splashy takeovers, these stocks have been the year's biggest losers.



Note: All data for periods ending 12/10/81. Prepared by Wilshire Associates, Santa Monica, Calif.

JANUARY 18, 1982 TWO DOLLARS FIFTY CENTS

Forbes

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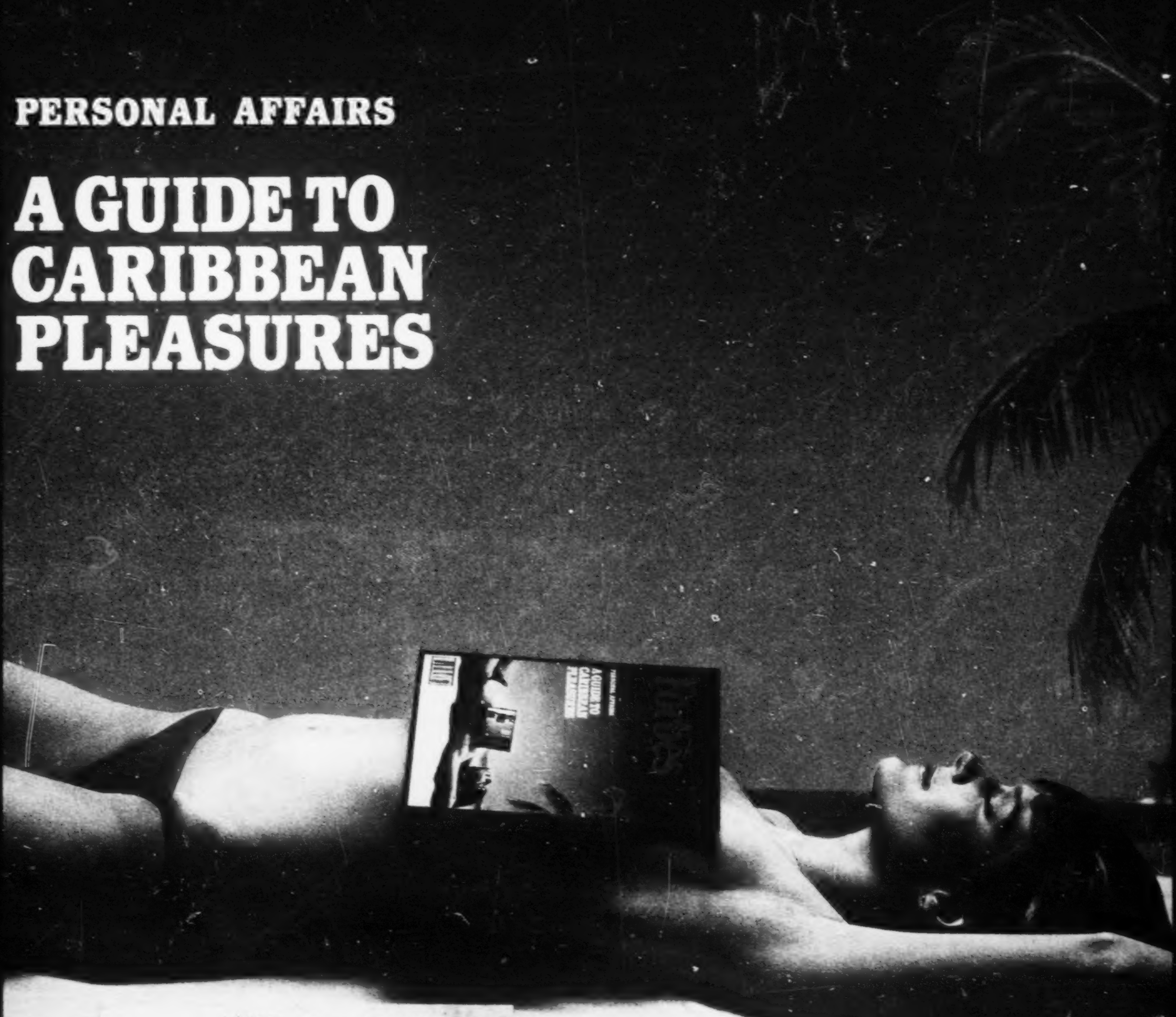
PERSONAL AFFAIRS

A GUIDE TO CARIBBEAN PLEASURES



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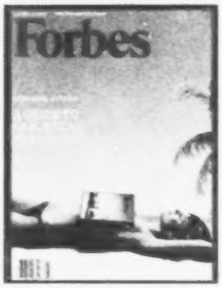
January 18, 1982
Volume 129,
Number 2



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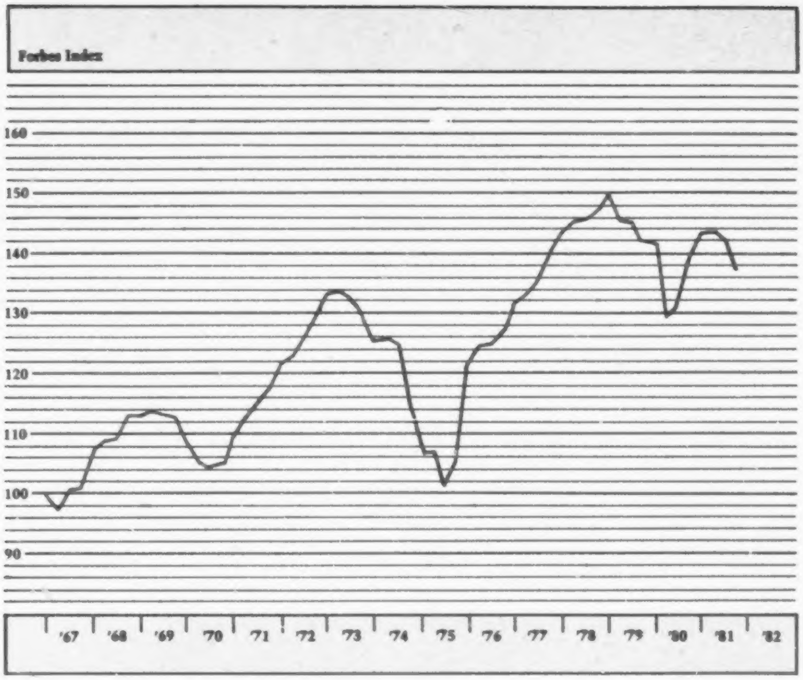
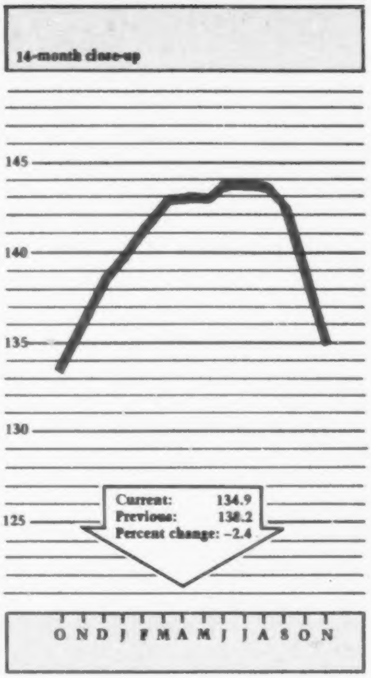
The Forbes Index





Current: 134.9
Previous: 138.2
Percent change: –2.4

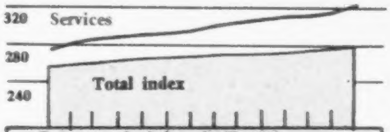
Housing takes a dousing. The mammoth 24.9% fall in new housing starts was the main reason the Forbes Index declined once again. Also contributing to the slide was a 2.1% drop in industrial production. This month, using the latest available figures for all eight components, the index dropped 2.4%. Nevertheless, a couple of bright spots were a 0.8% gain in retail store sales as well as a 0.7% rise in personal income.

What does it all mean? The figures show the recession is clearly deepening. You can expect further declines in the index for the foreseeable future. The big worry centers on the severity and length of the downturn.

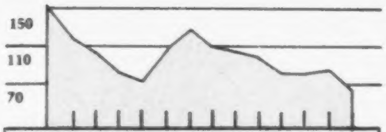
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

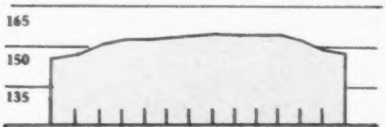
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



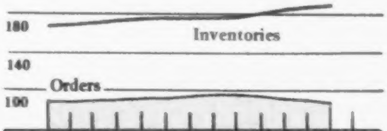
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



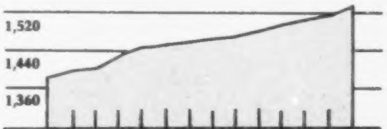
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



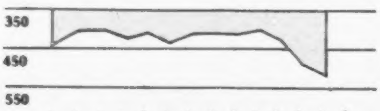
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



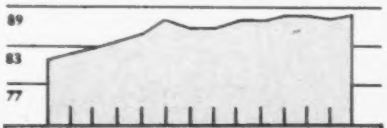
Manufacturers new orders and inventories
(\$billions) seasonally adjusted (Dept. of Commerce)



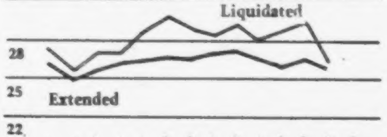
Personal income (\$billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales (\$billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit (\$billions)
total, seasonally adjusted (Federal Reserve)

Production costs in the Broadway theater have escalated so rapidly that tickets now cost $30 and individual backers no longer suffice for raising capital.

Curtain!

By James Cook

"THIS IS A BUSINESS of miracles," Harold Prince, Broadway's most renowned producer-director, said last month. "You kind of sit back every time and hope it will happen." It did two years ago, with *Evita*, which despite some discouraging reviews went on to become the biggest hit in Prince's 28-year theatrical career, with 3 companies touring the U.S. and another 18 worldwide.

This time, however, a month or so back, the miracle didn't happen. Prince's newest musical, *Merrily We Roll Along*, came as close to being an open-and-shut flop as any he has produced. The show traced the careers of three theater people over 25 years and traced them backwards—the characters grow younger as the play unfolds. Prince thought of the thing as a show for kids and cast all the parts with teenagers. Frank Rich of the *New York Times* didn't like it and neither did most of the other print and television critics. Only Clive Barnes, former critic of the *Times*, gave the show a rave, in his review in the New York *Post*. "It's one of the ironies," says Prince, in a town where the *Times* review makes or breaks most productions. "If Clive Barnes were critic for the *Times* still, *Merrily We Roll Along* would be the smash of the season." Maybe so, but at a top price of $30 a ticket the public decided not to take a chance. *Merrily* opened on Nov 16. It closed on Nov. 28.

Producer-director Harold Prince
At $1.5 million a show, private investors are no longer enough.

Merrily was in part a casualty of the seemingly endless escalation of salaries, theater rents and union extortion in the Broadway segment of the legitimate theater. At a time when it costs $2 million or more to mount a musical, *Merrily* was budgeted for a mere $1.5 million. With money tight, Prince decided he couldn't afford to try out the show first in Boston or Philadelphia. "You lose money," he says, "vast sums of money, possibly another $750,000. So you weigh that against working in a goldfish bowl in New York and at least staying within the budget."

During the New York previews the audiences began walking out at intermission. Prince replaced the leading man, fired the choreographer. Some of these mistakes could have been corrected in out-of-town tryouts. It took so long to get the show right that Prince had to postpone the opening twice. By the time *Merrily* opened in mid-November, two weeks behind schedule, he had exhausted the funds from the advance sale that might have permitted him to build an audience in the face of lukewarm reviews.

Looking back now, Prince thinks it would have been better to bring in the show the way he brought in *Evita*—16 weeks in Los Angeles and San Francisco shaping it up and then opening in New York. "There's a subscription series out there," he says, "so you play to terrific business for a long stretch of time." In short, you use the provincials as guinea pigs, a practice as old as the theater itself.

For a while Prince had hoped to pull off a cable-television deal that would provide the funds that would keep the show running. But that didn't work out. Laments Prince: "If we were guaranteed another five or six weeks, we might have been able to turn the thing around, just by word of mouth, but you'd have had to be willing to sustain anywhere from a $750,000 to a $1 million loss."

Merrily's financial problems reflect the drastic changes inflated costs have brought to show business in recent years *(see table)*. Production costs are so high that producers can no longer depend on the small stage-struck investor to finance an offering. In financing *Merrily*, Prince turned for the first time to corporate investors for the bulk of the money. His cadre of loyal investors put up $500,000 of the $1.5 million capitalization. The rest came from Britain's Lord Grade (FORBES, *Dec. 21, 1981*) and ABC.

Corporate investors like Lew Grade, Warner and ABC are a lot less starry-eyed than individual angels. They worry about return on investment and positioning themselves for subsequent movie and television rights, not about whether they have been invited to auditions, openings and cast parties. This, Prince says, is certain to shape the kinds of shows that get produced—more conventional, less imaginative shows, he fears, than he has produced over the years. "I said to Steve [Stephen Sondheim, *Merrily*'s composer] the other day," Prince says, "we were lucky, we got in under the wire. We started out 25 years ago. It's heartbreaking to think of the young lyricists and librettists who would like to write dangerously for the theater and can't get the money."

Prince doesn't expect to have such problems himself. Though he has had his share of flops, few of them spectacular, he has also had some of the biggest successes in theater history—*Fiddler on the Roof, Cabaret, A Little Night Music*. "It's always a case of my doing a big hit and then a couple of worthy projects that don't pay off." In the past, however, his flops have generally run, at least for a while. But *Merrily* wound up with only 60 performances including 44 previews and a $1.5 million loss.

Prince is already at work on his next show, book by Comden and Green *(On the Twentieth Century)*, music by Larry Grossman *(Minnie's Boys)*. It's about what happens after Nora slams the door in Ibsen's *A Doll's House*. This one will cost around $2.5 million, and Prince will produce with Robert Fryer, raising part of the money from corporate investors. The plan is to open in California this summer and come into New York in the fall. "The summer route seems the solution to the economic problem," Prince says. "It plays four months, shakes down and comes in kind of comfortable." ■

The money in musicals

During the past 28 years, producer-director Harold Prince has presided over no fewer than 23 major Broadway musicals, more than half of which have made money. Making money is no longer so easy, however, as the table below makes clear.

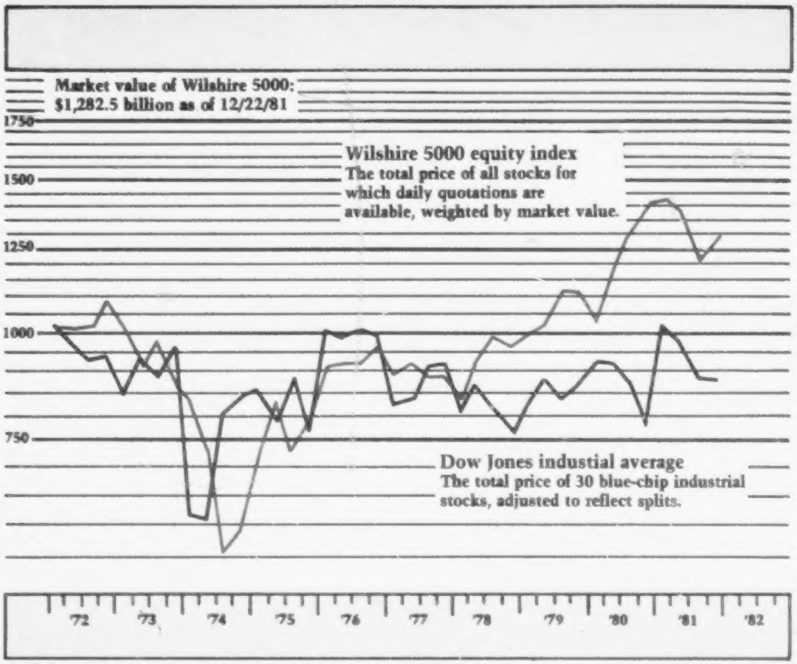
Production costs have gone through the roof—from $250,000 for *Pajama Game* to $1.5 million for *Merrily We Roll Along*—so the risks have risen. But so have the rewards. *Merrily We Roll Along* dropped $1.5 million virtually overnight. But *Evita* has become Prince's biggest moneymaker, grossing over $33 million so far on a $1.5 million investment.

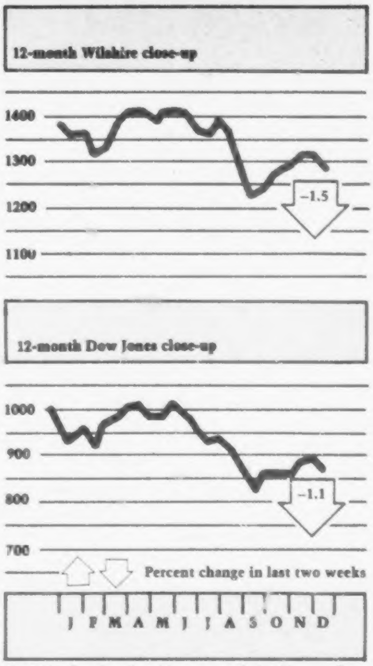
Musical	Opened in New York	Broadway performances	Capitalization (thousands)	% gain/ loss
Pajama Game	5/13/54	1,060	250	395
Damn Yankees	5/5/55	1,012	250	263
New Girl in Town	5/14/57	439	300	24
West Side Story	9/26/57 4/27/60	1,025	300	411*
Fiorello	11/23/59	800	300	90*
Tenderloin	10/17/60	214	350	–26
A Funny Thing Happened on the Way to the Forum	5/8/62	975	300	125*
She Loves Me	4/23/63	303	300	–74*
Fiddler on the Roof	9/21/64	3,242	375	1,437*
Flora the Red Menace	5/11/65	87	400	–95
It's a Bird, It's a Plane, It's Superman	3/29/66	128	400	–100
Cabaret	11/27/66	1,166	500	248*
Zorba	11/17/68	305	500	–27*
Company	4/27/70	706	550	18*
Follies	4/4/71	522	700	–95*
A Little Night Music	2/25/73	601	650	48*
Candide	3/5/74	741	450	–70*
Pacific Overtures	1/11/76	193	650	–100*
Side by Side by Sondheim	4/18/77	384	250	—*
On the Twentieth Century†	2/19/78	460	1,064	–83*
Sweeney Todd†	3/1/79	557	990	–50*
Evita†	9/25/79	914‡	1,500	NA*
Merrily We Roll Along	11/16/81	16	1,500	–100

*Revenue still being received. †Directed and managed by Prince, produced by others.
‡Still running. NA: Not available.

Merrily We Roll Along, *Act I, Scene 2*
Out of the goldfish bowl, an open-and-shut flop.

The Forbes/Wilshire 5000 Review





Waiting for some good news. The crisis in Poland, renewed tension in the Middle East, gloomy economic statistics and forecasts and depressed stocks ripe for year-end tax selling gave investors plenty to think about as 1981 went into the history books. Not surprisingly, the broadly based Wilshire index ran in the red during the most recent four-week period. But look on the bright side: The market faced a pile of adversity and the Wilshire dropped only 0.9%. This resilience is a sign that the near-term trend is likely to be on the up side.

Another indicator that the majority of investors are holding firm is the unusually tight range of two-week returns on major market indicators. Only 0.5% separates the S&P's 500, off by 1.6%, from the Dow and ASE market value index, both down 1.1%.

Wall Street wants the new year to be better. Growth stocks were hit especially hard in 1981. Our market focus shows that over the last 52 weeks, high-P/E stocks took a 14% drubbing while low-P/E stocks outperformed the market and advanced 4.6%. Low-volatility stocks, meanwhile, show a 12.9% gain, while high-volatility issues were barely in the black.

So chalk up another victory for advocates of unexciting bargain-priced securities—but watch out when the market gets hot. These highflyers presently cruising at low altitudes are likely to rack up the biggest gains.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	–0.9	0.2	–0.8	–0.9	–1.7
in last 52 weeks	–8.0	–9.0	–8.2	–9.3	–2.1

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–1.0	–1.2	–2.9	–1.6	–1.3	–1.1	–1.5	–1.9	0.5	–0.9
in last 52 weeks	0.1	12.9	–14.0	4.6	9.8	5.0	1.8	7.0	–2.0	13.0

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

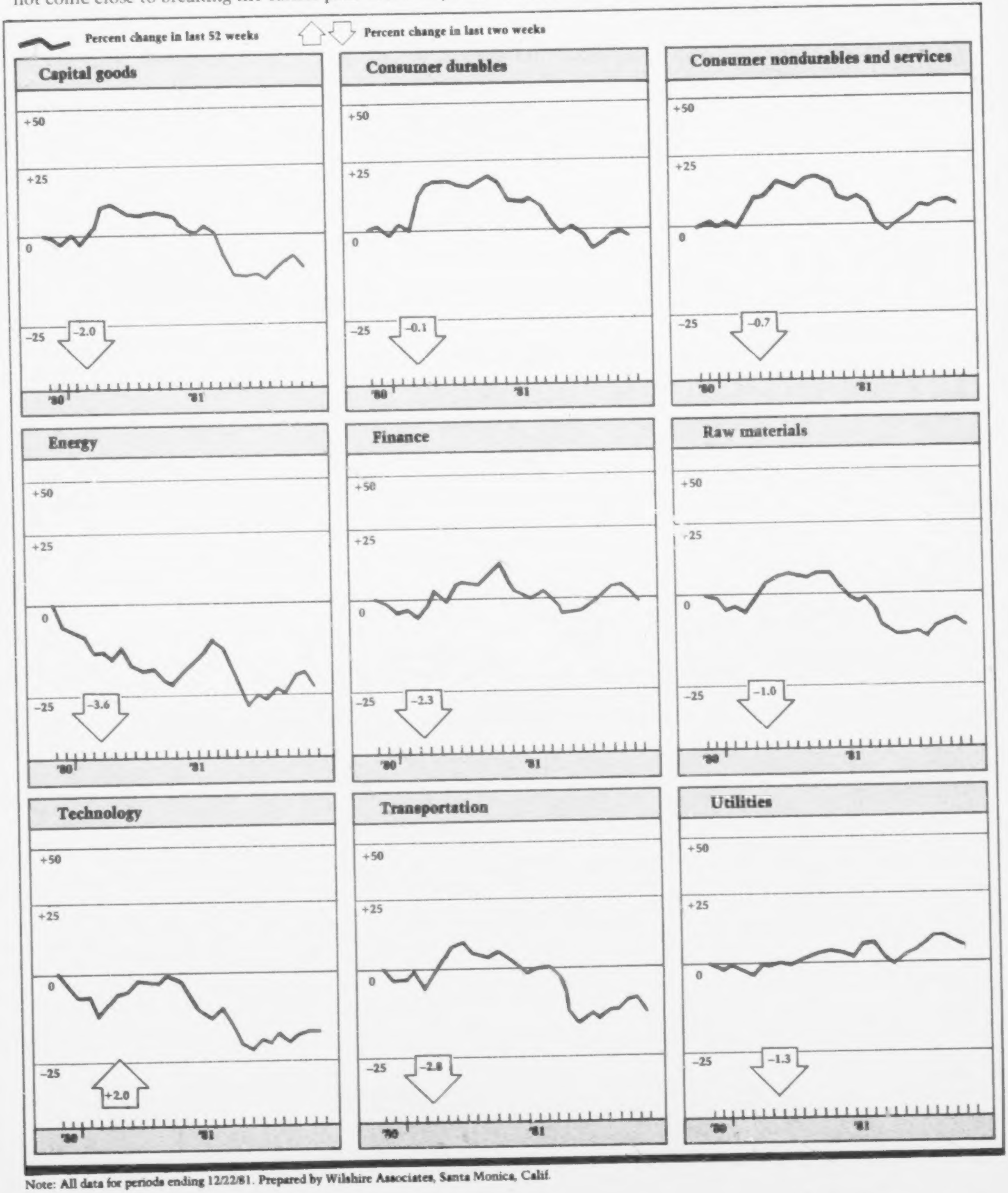
Note: All data for periods ending 12/22/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

The zip comes from technology. Eight sectors fell behind during the last two weeks, but technology companies managed to show a 2% gain. On the other hand, the cooled-down energy issues showed the biggest loss. They were down 3.6%.

Look at the graph of the energy sector. It shows that the rally caused by the late-1981 bidding war for Marathon did not come close to breaking the earlier peak created by the Conoco fracas. Still, the upward sawtooth pattern could indicate that the worst is over.

Even with the recent uptrend, however, energy stocks were the biggest losers over the past 52 weeks. The sector is down 25.5%. Minor spurts in technology stocks, meanwhile, have not been enough to pull this group out of its next-to-last-place with a 52-week drop-off of 16.3%. The best sector: consumer nondurables and services.



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Forbes

WHERE RANDOM WALKERS WENT WRONG

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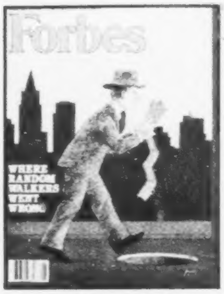
February 1, 1982
Volume 129,
Number 3



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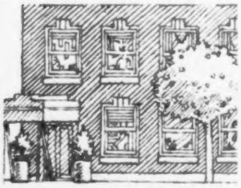

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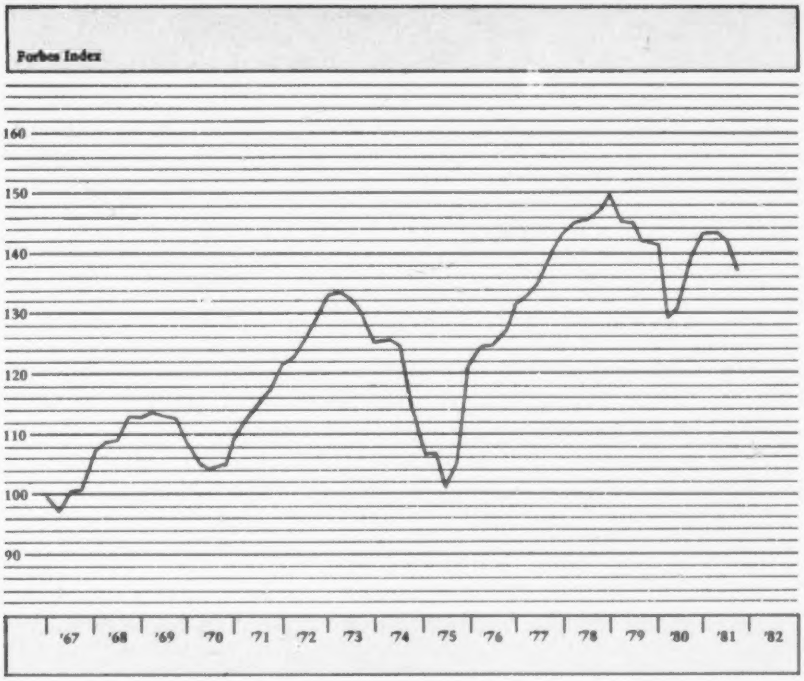
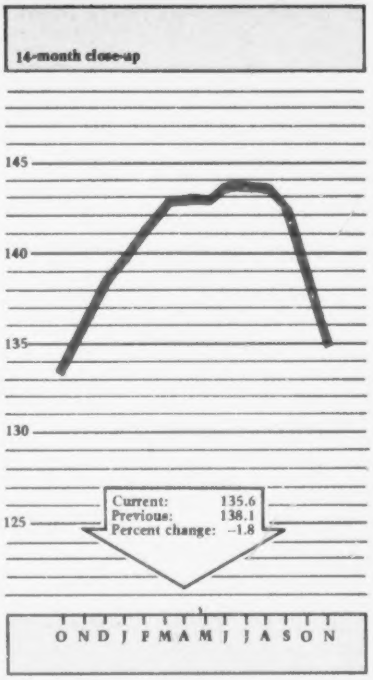
The Forbes Index





Current: 135.6
Previous: 138.1
Percent change: –1.8

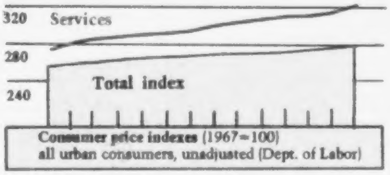
Another sinking spell. As expected, the Forbes Index fell once again. The slide, however, was narrower than the previous downturn. And there are indications that the recession may be nearing its bottom. One indication is that unemployment claims rose another 1.1%, to the highest level since mid-1980. Another is that inventories increased by only 0.2%. On the credit front, consumers boosted their debt loads by 4.7%, while repaying only 2% of their borrowings. The severity of the decline was also lessened by a 1.7% gain in manufacturers' new orders.

The recession continues to wear on. Take heart, however: Optimists predict the recovery will begin by midyear.

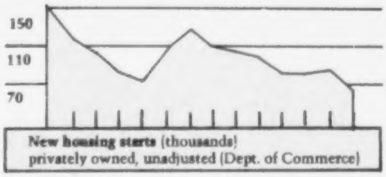
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

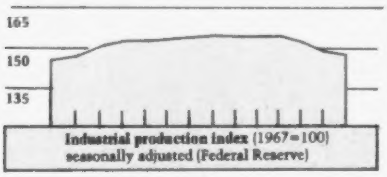
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



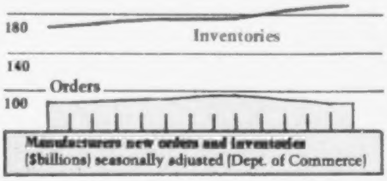
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



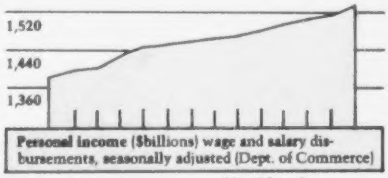
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



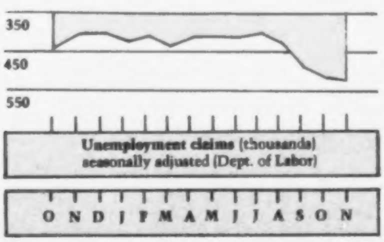
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



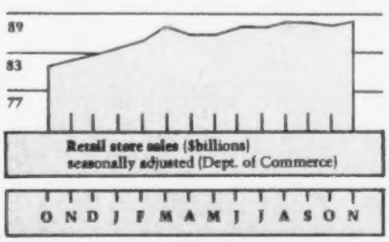
Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



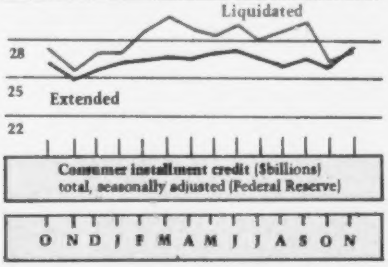
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

Snap to, Mr. Businessman. Washington hopes you can save the Caribbean from poverty and Fidel with a double dose of old-fashioned capitalism.

A forlorn hope?

By Allan Dodds Frank

WHEN TIMES ARE GOOD in Dominica, unemployment is probably 30% and workers are glad to get $5 a day. Forget tourism: The 289-square mile Caribbean island, midway between Puerto Rico and Venezuela—population, 79,000—is largely rock without a decent beach. Every so often there is a hurricane that knocks out the road and when the wind stops, the coup attempts start. Last December's collapsed when the revolutionaries couldn't unlock the armory door.

Dominica may be a hard case, but it is no exception in the Caribbean. The region has 27 million people—more than Canada—in 17 island states and territories, and is fragmented culturally with four languages: English, Spanish, French and Dutch. Populations are growing, poverty is common, natural resources, capital and skilled labor are scarce. Transportation is expensive and often sporadic, local markets are minuscule and agriculture is sinking. Dependence on painfully expensive imported oil drains foreign exchange.

Maidenform, Inc. Senior Vice President Henry C. Heppen

Despite the problems, some U.S. firms find success in the Caribbean, where there is a "plentiful supply of labor at comparatively low wages."

It's not just the nightmare of poverty close to home or even that Castroism might spread, although that's a serious fear. In the Caribbean nowadays, as they have learned in Florida for two decades, when the going gets tough, the tough get rowing. "The biggest security threat to the U.S. is that these refugees from the Caribbean might swamp the U.S.," one U.S. official told FORBES recently at the Fifth Annual Miami Conference on Caribbean Trade, Investment and Development. Swamp the U.S.? How can we keep them out? With machine guns? The best hope is for local development that will keep people at home.

But the U.S. government doesn't have enough money to save the Caribbean, and it is asking American business to do much of the job. Trickle-down economics under the palms. The idea sounds good, but it may be easier said than done.

"Businessmen do not invest on humanitarian grounds or for moral purposes," says Eugenia Charles, the sharp-witted prime minister of Dominica. She's trying to sell Yankee businessmen ideas on garment-making, fish-farming and using the oil of the local patchouli plant for perfume. Show us how capitalism works, she pleads. "We are all mimics at heart and imitative of the things we see and associate with."

Another problem: "As soon as you educate a guy on Dominica, he gets himself a green card [for immigration] and goes somewhere else for a better job," says one American banker at the Miami conference. Simple things—like roads or the lack of them—become serious obstacles. "It's easier to move a factory site 10 miles than to move the workers 10 miles to the job every day," says an American businessman with Caribbean investments.

Consider the saga of Saba, a sleepy town of 1,000 people in the Netherlands Antilles that wanted its own printing press for menus, laundry lists, postcards and business cards for taxi drivers. Holland's Queen Beatrix came from The Hague to dedicate the press. But the first press was smashed in transit, and the second didn't work properly on the island's 115-volt electrical system. When the Queen arrived, the Antilleans fed the malfunctioning press with preprinted souvenir programs for the dedication ceremony, and Her Highness was too polite to notice the switch. Later, chemicals and papers spoiled in humid, salty air and an addled sheep attacked and damaged the press. The press is finally working now, thanks only to a part salvaged from the wrecked first one—an electrical part that was good for 115 volts, not the 220 volts used in Europe. Otherwise, they would still be waiting for a spare part to be shipped.

The U.S. has talked of a four-nation support system for the area—the U.S., Canada, Mexico and Venezuela—but nothing much has come of it, although Mexico and Venezuela help some with cut-rate oil. The U.S. civilian aid package for the Caribbean is $192 million for 1982—about $7 per head—down from $400 million in 1970, with most of the money going to the Dominican Republic, Haiti and Jamaica, the largest nations.

It's clear to just about everybody that aid on this scale isn't going to make much of a dent in the problems and that private enterprise alone cannot do the job. Vere Bird, prime minister of newly independent Antigua-Barbuda, supports the Reagan Administration notion that Caribbean nations "must pull themselves up by their bootstraps." But, adds Bird, "first we must have the straps with which to pull up the boot. And we will never have the straps if priorities do not place aid at the forefront."

Dominica's Eugenia Charles

"Businessmen do not invest on humanitarian grounds."

The U.S.-funded Overseas Private Investment Corp. has made Haiti one of its job targets this year and announced backing of ten projects to create 2,000 new jobs assembling electrical components, producing paper boxes, stuffing toys, tanning hides and making leather dog chews. But these jobs—even if they materialize immediately—are less than 7% of the 30,000 Haiti (pop., 6 million) says it needs. Haiti is a difficult case. Once the richest colony in the New World, it has been going downhill for close to 200 years and now is one of the poorest, most backward nations on earth.

There are successes. Some U.S. businessmen already have found substantial profits and happiness in the Caribbean. They enjoy "tax holidays" and other incentives, low wage scales, good productivity and the chance for management to take tax-deductible inspection trips to their scenic island outposts and idyllic golf courses.

Transducer Systems, Inc., a Willow Grove, Penna. firm manufacturing and assembling computer parts, moved into a turnkey plant with 95 workers on St. Kitts last year. Says Transducer President Michael Nakonechny, "I get 10% more productivity in St. Kitt's at one-tenth the wages than I do in the U.S." Adds Nakonechny, "About five years ago we realized we were going

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Jamaican Prime Minister Edward Seaga

"Aid is not charity, it is business," says Harvard-educated Seaga, who wants substantial U.S. help to revive Jamaica's slumping economy.

into an explosive market that was labor-intensive and there was no way we could see automating it. We searched Mexico, we searched the Far East." And found high productivity in the Caribbean? "It isn't that they work harder," he says, "they just work more minutes per hour. They can compete with Taiwan."

Maidenform, Inc. of New York, the lingerie manufacturer, has seven plants employing 1,700 in Puerto Rico, one with 380 people in the Dominican Republic, a 275-employee operation in Antigua, and is nearing completion on a plant for 200 in Jamaica. With union wage scales now being paid in Puerto Rico, where Maidenform started its offshore operations 30 years ago, it is likely that the company and many others in Puerto Rico will consider shifting more of the time-consuming sewing of bras and other garments to independent island countries. "These offshore islands have something important to offer the American investor and businessman," says Henry C. Heppen, senior vice president of Maidenform, "and that is a plentiful supply of labor at comparatively low wages."

Jamaica's prospects under Prime Minister Edward Seaga, who has exceptionally strong U.S. support, are improving as he stabilizes the economy, revives tourism and tries to revitalize sagging coffee and sugar production. The U.S. is helping by agreeing to buy 1.6 million metric tons of bauxite—ore used for aluminum—worth $56 million. That should considerably diminish the 30% falloff in production originally forecast. Venezuela also has promised to buy substantial amounts of bauxite and alumina. And Seaga has won reversal of the International Monetary Fund stance against further loans to the former government of socialist Michael Manley by obtaining a new $698 million IMF loan. In just the last six months, tourism has increased by more than 20% over last year and expatriate Jamaicans have begun returning for new peace and prosperity. Seaga figures a big injection of American government aid will lead to more private investment, which he wants too. "Aid is not charity," he says, "it is business."

The American government admits it wants U.S. business to carry the ball. "It will be a test case as to whether private enterprise can respond to a political, economic and social challenge," says Thomas O. Enders, assistant secretary of state for inter-American affairs.

But the island states often make trouble for themselves. Says Manuel Vignau, international sales manager for Miami-based Purity Condiments, Inc., "It's awfully difficult to get anything out of their governments." Vignau, who has been trying to establish operations on a half-dozen islands using local vegetable oils and dairy products, says, "They are always bickering about licenses and this and that. And the guys from Washington never seem to know anything when I call them either."

The push for private enterprise to create new jobs in the Caribbean can be a big help, but the local governments will have to provide a strong dose of corruption-free government, slashing of red tape, more beneficial tax and wage incentives and continuing political stability. The U.S. for its part will have to accept whatever the islanders can produce, even at the expense of damaging some homegrown industries. Where else can the goods be sold? There is no sign at the moment that either the locals or the Americans are dealing with the problem with anything like the sense of urgency the situation requires. ■

Caribbean islands

Climates are pleasant in all these countries, but life is not easy. All save Cuba and Grenada (and perhaps they, too) would like U.S. business investment, but there has to be something in it for the U.S. businessman.

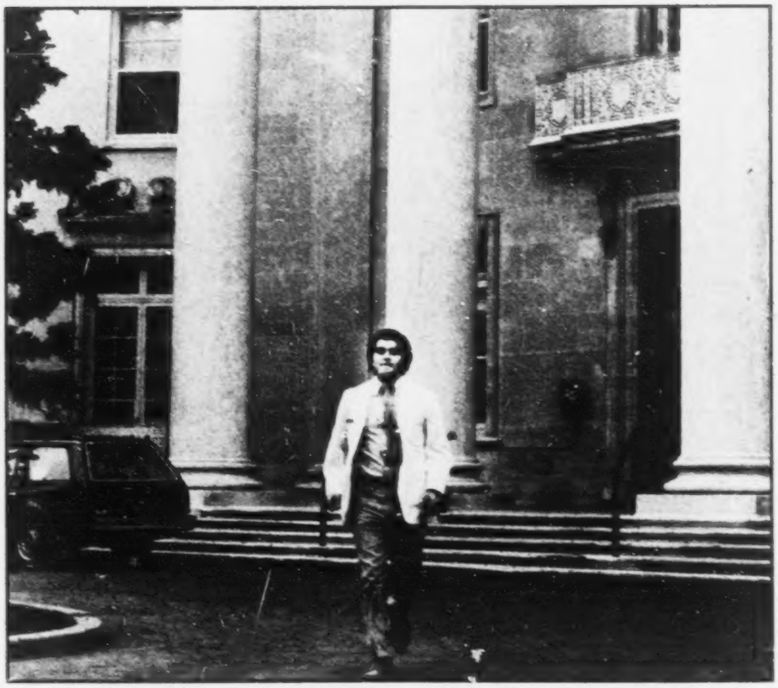
Nation	Population 1980	GNP per capita 1979[2]	1980 Trade exports to US (millions)	imports from US (millions)
Antigua	75,000	$1,070	—	—
Barbados	249,000	2,400	$ 95.6	$ 136.4
British Virgin Islands	11,000	—	0.05	16.4
Cuba	9,833,000	1,407[3]	0.01	0.1
Dominica	79,000[1]	410	—	—
Dominican Republic	5,431,000	1,066[3]	785.9	795.1
Grenada	109,200	630	—	—
Guadeloupe	319,000	3,260	6.3[4]	66.8[4]
Haiti	6,000,000	297[3]	251.7	310.9
Jamaica	2,172,000	1,602[3]	383.0	305.0
Martinique	308,000	4,680	6.3[4]	66.8[4]
Netherlands Antilles	260,000[1]	3,540	2,563.6	447.6
Puerto Rico	3,176,000	4,365[3]	5,642.6	5,344.7
St Kitts-Nevis	50,000[1]	780	—	—
St Vincent and Grenadines	124,000	380	—	—
Trinidad-Tobago	1,173,000	3,390	2,378.3	679.8
US Virgin Islands	95,000	5,580	4,237.5	77.0

[1] Mid-1979 [2] Preliminary [3] 1980 [4] Includes Guadeloupe and Martinique

Source: Commerce Department, embassies, World Bank, UN

Lawyers are driving cabs, dentists are drilling in corporate storefronts and some med students are $100,000 in debt. Is the gravy train running dry?

Clip this for the kids



Second-year Yale University medical school student Rick Ruiz
"I already know surgeons who can't get a lot of work."

By Jeff Blyskal

Rick Ruiz is a 28-year-old Yale medical student. He hopes to practice plastic surgery after graduation in 1984, but by then he will be $60,000 in debt. On a resident's salary of just $16,000 a year, how does Ruiz plan to pay the banker almost a grand a month? "I'll be married," he says. "My fiancée may be earning some money, too, by that time."

Matthew Siegler was scared off by the $100,000 cost of setting up a solo dental practice in Toledo, Ohio. In 1979, when he graduated from dental school, he opted instead to join a group practice and share overhead costs with two dentists already in business for several years. "To put out your shingle by yourself today is almost impossible in the Midwest," he says.

WHAT'S GOING ON HERE? Medicine and dentistry have long been lucrative, sure-bet career choices for anyone with the talent and dedication. Today, however, for young doctors, dentists and lawyers, even optometrists, pharmacists and veterinarians, the future looks more and more clouded. The young professionals of the Eighties—those hundreds of thousands still in the academic pipelines—are anything but "set for life."

Consider some statistics. Doctors and dentists these days are coming out of school with more than just a sheepskin in their little black bags. "They're progressively getting into debt up to their ears," says Howard Levitin, Yale University dean of students. Thanks in part to tuition costs that can run as high as $16,000 per year, the typical medical school graduate is now some $20,000 in hock. An increasing number of would-be doctors, meanwhile, carry loan obligations that approach six figures. Ten years ago, borrowing averaged a relatively meager $6,000, so the increase has been far faster than inflation.

On top of the four years of medical school, however, the big bucks of a doctor's income are delayed yet another three to eight years during a comparatively low-pay residency. That was not much of a burden when debt deferral was easier and interest rates were low, but it can be potentially stifling today.

Dental students are in almost the same boat, though their residencies last only a year or two. When you add in the high startup investment in chairs, drills, X-ray machines and other equipment, however, some first-year dentists could probably use a shot of novocaine themselves to ease the pain of borrowings in the neighborhood of six figures.

It's hard, of course, to pity someone who charges $40 for a 15-minute physical, or $50 for a quick—and painful—filling. Doctors' postresidency incomes currently can start at around $65,000 and dentists' at $30,000. If the going gets tough, fee hikes are not unheard of.

However, the new young professionals may not have that luxury. While government forecasters and many professional associations don't like to admit it, doctors and dentists face a potentially severe oversupply situation beginning in the Eighties. "I don't think there is going to be a *shortage*," is the way Jesse Hixson of the Health Resources Administration puts it. "There is dispute about whether there will be a surplus." But a 4%-to-8% surplus by 1990 is just what the figures project in a draft report to be released officially later this year by the Department of Health & Human Services.

Another, more controversial study

by the Graduate Medical Education National Advisory Committee recently projected a 15% surplus of physicians by 1990. Worse, GMENAC forecasts that many of the 33 medical specialties will be wildly overstocked, with almost twice as many cardiologists and neurosurgeons than necessary, and a surplus of 10,000 gynecologists. Since a physician in oversupplied general surgery can't easily switch to a job in undersupplied general psychiatry, *within* the 25 oversupplied specialties the surplus will climb to over 25%.

What does this mean for doctors and dentists? "We're forecasting a downward trend in dental prices over the next ten years," says HRA's Hixson. Doctors may be looking down in the mouth, too, for the same reason, even though the HHS study hints that some physicians may increase the amount of unnecessary care as a defensive move to bolster their incomes. For dentists, the competition is already heating up in other ways. Two examples: more "storefront" chains and more graduates staying in school an extra year or two to add a high-paying specialty to the regular drill-and-fill business.

Beyond that, physicians may no longer be able to pick and choose when they work. Says Rick Ruiz, whose specialty may be as much as 45% oversupplied by the time he completes his residency: "Where I want to practice, I already know surgeons who can't get a lot of work." The oversupply of physicians will be worst in the higher-income suburban and urban communities that attract the most professionals. There are only so many fat wallets to go around.

A look at the already burgeoning legal profession shows just how bad things can get. Based on membership figures, the American Bar Association estimates there were some 535,000 lawyers in the U.S. last year. That's 22% more than the 439,000 jobs the U.S. Bureau of Labor Statistics esti-

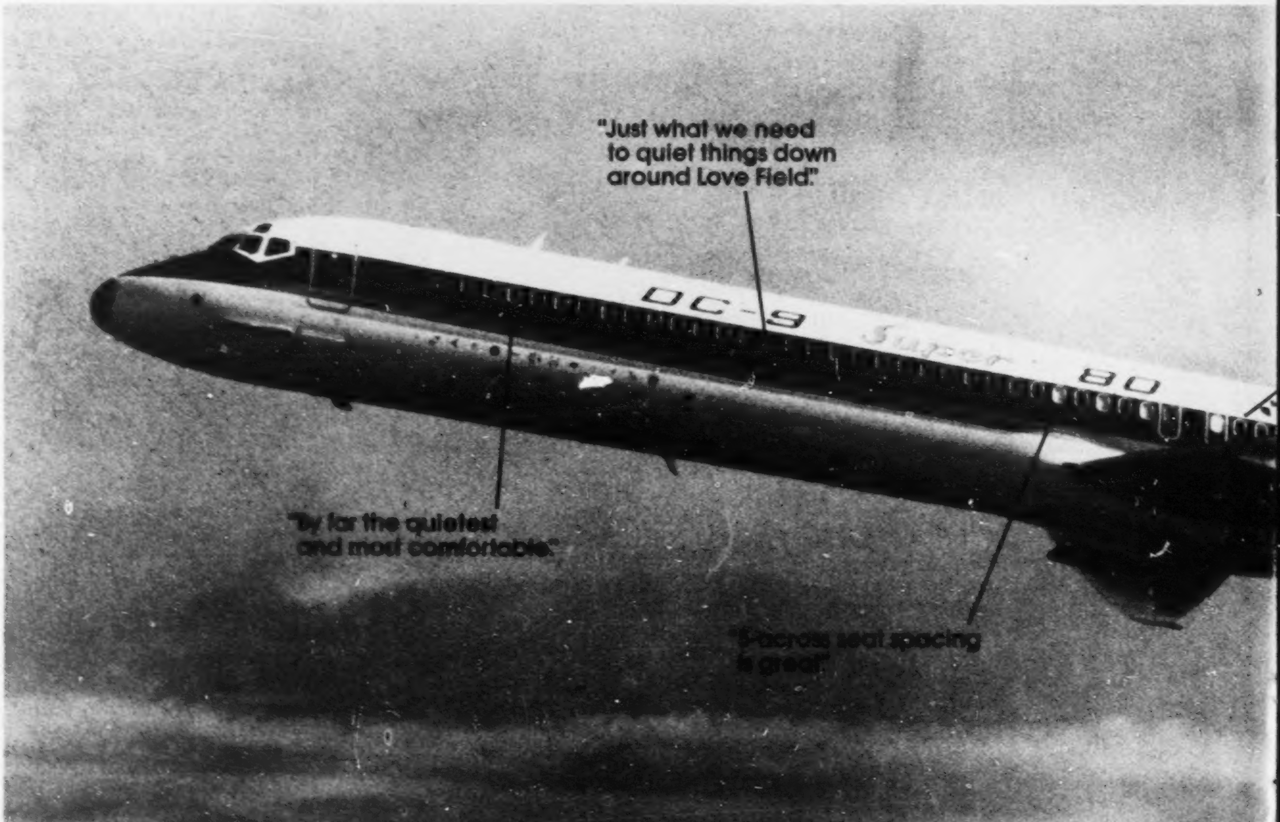
Pity the poor cardiologists

Read the numbers below and think twice before encouraging your kids to enter these professions. There's an anticipated oversupply in all but psychiatry and podiatry.

Profession/ specialty	1990 requirements	surplus/ (shortage)	% over/(under) requirements
Dentists	148,600	8,717	6
Lawyers	438,550*	96,450*	22*
Optometrists	25,800	1,400	5
Pharmacists	165,600	6,900	4
Physicians			
General Medicine	70,250	3,550	5
Family Practice	61,300	3,100	5
Psychiatry	38,500	(8,000)	(20)
Pediatrics	36,400	4,950	14
Obstetrics/Gynecology	24,000	10,450	44
Surgery	23,500	11,800	50
Cardiology	7,750	7,150	92
Podiatrists	13,100	0	0
Veterinarians	45,900	3,900	8

*Estimate for 1981; 1990 projections not available.

Sources: American Bar Association; Department of Health & Human Services; Bureau of Labor Statistics; Graduate Medical Education National Advisory Committee



mates existed in single- and multi-attorney law firms and corporate legal departments. "The job market is a dreadful, heartbreaking situation," says Elinore Carlin, placement director at the Cardozo School of Law. Things have gotten so bad, explains Carlin, that some law graduates have been forced to drive cabs to make ends meet during year-long—or longer—quests for jobs in law that they may never find.

Two factors helped fuel the oversupply: For universities, the law school became a low-cost, fast-money profit center; the big attraction for the students is, of course, big money. But the students have not done their homework. Highly publicized starting salaries at the 100 largest American law firms are indeed attractive: from $24,000 in Minneapolis to $43,000 in New York in 1981, according to the *National Law Journal*. But to get that kind of money, you must be the cream of the graduating crop and you had better have a diploma from a Harvard, Stanford or Yale.

Though salaries do rise swiftly after several years of practice, most down-the-ranks law grads start for considerably less: perhaps $10,000 to $12,000. "There are really two job markets," says Gary Munneke, chairman of the ABA's Standing Committee on Professional Utilization and Career Development, "one, where the top law firms are competing for the top 10% of the graduates and running up the prices, and the other, where the rest of the students are all competing against each other."

The oversupply should hamper lawyers' income gains through the Eighties and perhaps into the Nineties. It is already forcing many graduates to apply their higher-priced educations to lower-paying corporate jobs in backwaters like purchasing or regulatory compliance. Too, with Reagan in the White House, Washington is no longer a dependable job haven for indigent lawyers.

The doctors' and dentists' bind, in fact, was primarily caused by government. On the supply side, for example, federal and state support of medical education through guaranteed student loans and other aid programs opened up the professions far more than in the past. More private health insurance, Medicaid and Medicare increased demand for services at the same time.

The stampede into dentistry stems from sanguine government projections in the Sixties that showed an explosive need for more dentists, a resultant surge of government backing of education and the erroneous expectation of monumental changes in health insurance plans that would greatly extend coverage to dental work. That proved overoptimistic, and something else happened that the experts weren't predicting: Preventive dental techniques are working, and there are fewer and fewer cavities to be filled.

So, at last, doctors, dentists and lawyers will learn about the corrective effects of a free market. Members of all three professions are already moving into more rural, undersupplied areas, giving up the dream of big money for the reality of a secure job. "Employers are looking for lawyers in the small-town county seats," says Francis Utley of the ABA. Doctors and dentists, meanwhile, are forming more group practices to cut soaring overhead costs.

Dentists even have a sophisticated computer system at the University of Minnesota that links individuals interested in changing locations, new graduates, unemployed dentists and towns where there are no or few dentists. Says Dr. Burton Press, president-elect of the American Dental Association, "Dentists never had to think like McDonald's when they picked an office location. They'll have to now." Welcome, doctors, to the land of supply and demand. ■

Fan mail to the new Super 80.

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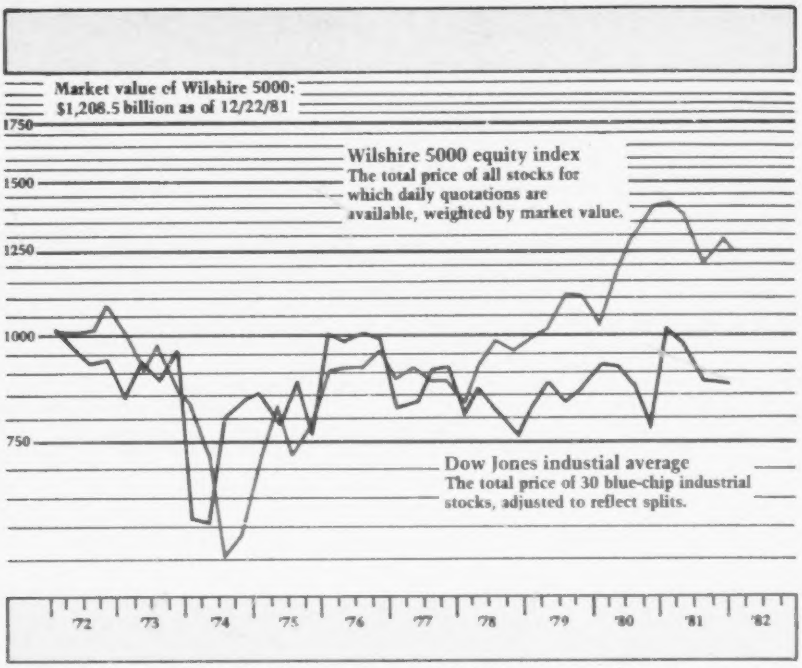
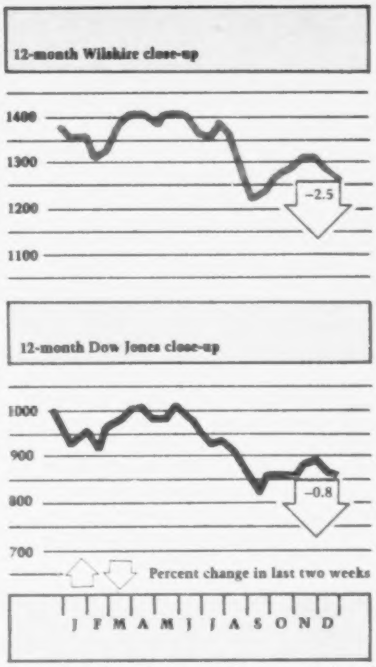
The Forbes/Wilshire 5000 Review





Brrr! While arctic winds blew across much of the country, Salomon Brothers' Henry Kaufman added to investors' chills by standing behind his prediction of rising interest rates. Gains from last fall's rally have melted away, however, as Wall Street shows its skepticism about a mid-year economic rebound. Recently released unemployment figures—close to postwar highs—did little to warm shareholders' hearts.

In the last four weeks the Dow fell 2.3%, but the NYSE index shows that the average Big Board issue was off by 4.2%—nearly twice as much. A look at the broadly based Wilshire index shows that the market as a whole performed very largely in line with the NYSE stocks. Over the most recent two weeks the Dow stocks again fared somewhat better than other issues. While the Dow was off only 0.8%, the Wilshire dropped 2.5%.

Why is the Dow performing so well? Winds of change are blowing for several of the big capitalization stocks that make up the 30-company index. GM, for example, just released several new products, while Eastman Kodak hinted that there is a revolutionary new camera in its development pipeline. Recent antitrust rulings, of course, will have major implications for IBM and Ma Bell. So while the Dow may make some unusual moves over the next several weeks, more than ever it isn't likely to be representative of what is going on in the rest of the market.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	–4.2	–2.3	–4.2	–3.8	–3.3
in last 52 weeks	–8.8	–10.5	–9.3	–8.6	–2.8

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–0.9	–1.0	–2.4	0.0	–0.7	1.0	–1.1	–1.1	–3.3	0.6
in last 52 weeks	1.5	11.2	–11.8	4.7	7.9	6.0	2.3	5.9	–3.4	12.0

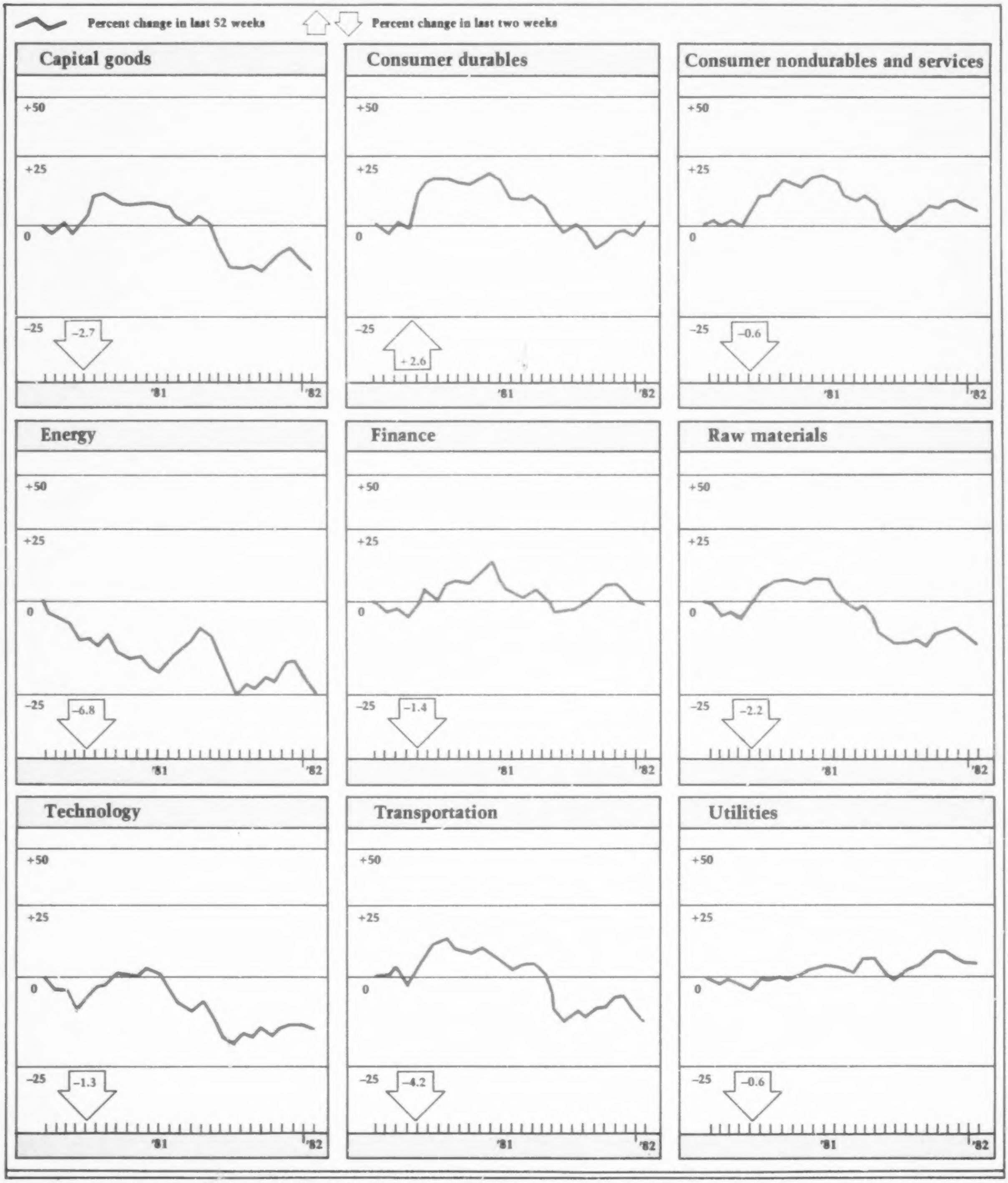
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

A durable sector? Consumer durables, companies that might benefit first from an economic turnaround, bucked a negative market and racked up an impressive 2.6% gain. Consumer nondurables and services and utilities, meanwhile, are tied for second-best—even though both sectors are down 0.6%. Utilities, in particular, were strong in 1981 because of their value as interest-rate plays. But if rates are headed back up, don't expect shares in these high-yield companies to continue their upward move.

The energy sector took major setbacks: 6.8% over two weeks; 10.4% over four weeks. Analysts seem to be discounting the possibility of another blockbuster merger battle in the near future. Transportation stocks fell 4.2% in two weeks. Deregulation has hurt many airlines and truckers—to the point that continued economic weakness threatens the very survival of several firms.



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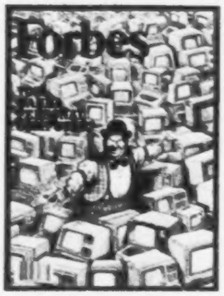

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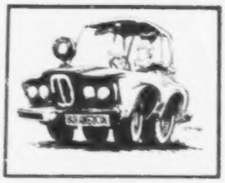

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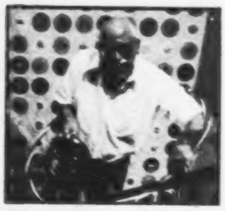

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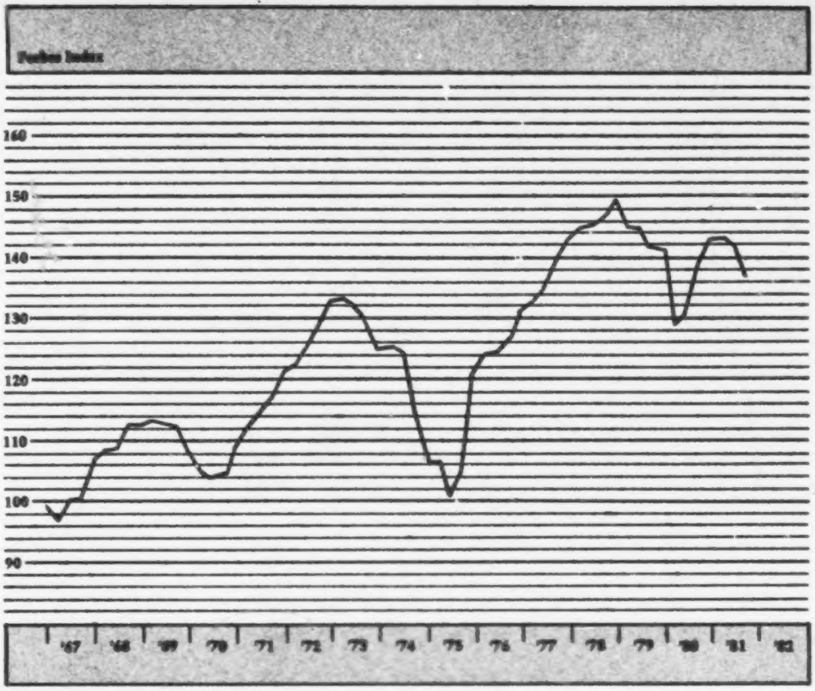
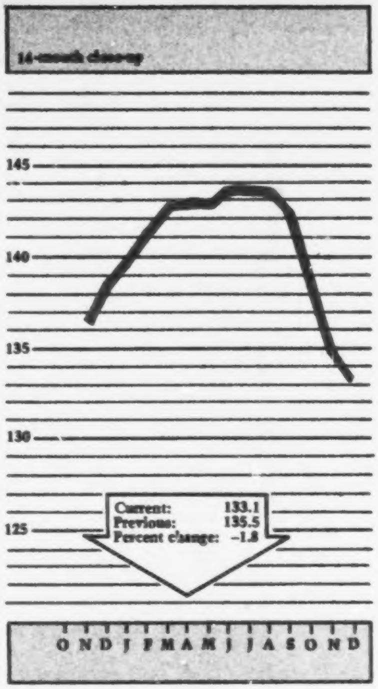
The Forbes Index





Current: 133.1
Previous: 135.5
Percent change: −1.8

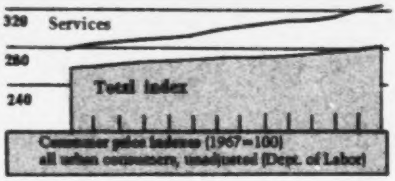
Bottom fishing. The Forbes Index declined once again, but the downswing was anything but dramatic. This may indicate that the recession is nearing its nadir. Industrial production fell by 2.2%, while housing starts were off another 3.3%. Offsetting this doom and gloom, there was some mildly good news about the important retail sales category, which climbed 0.4% in December.

Analysts, however, attribute the rise to price discounts, which also reduced inventories. Personal income posted a small gain, too, moving up 0.5%. So the recession remains alive and well. The next few weeks will be crucial in determining its severity and length.

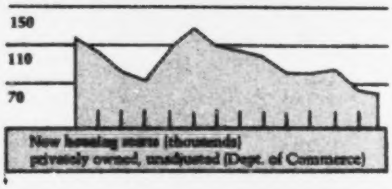
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

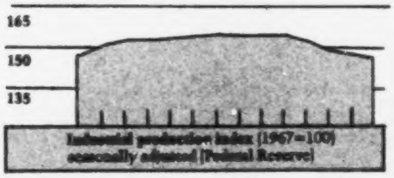
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



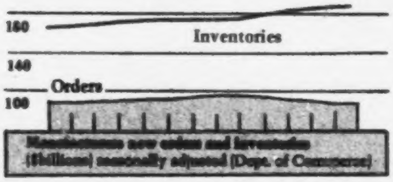
Consumer price indexes (1967=100) all urban consumers, unadjusted (Dept. of Labor)



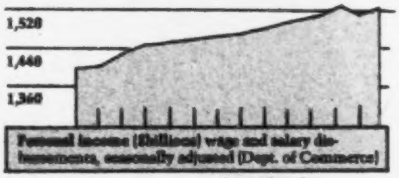
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



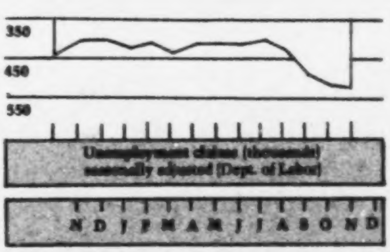
Industrial production index (1967=100) seasonally adjusted (Federal Reserve)



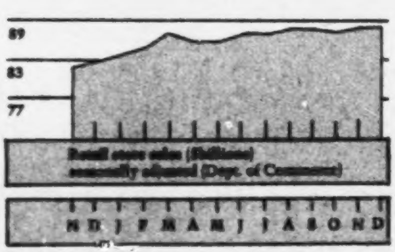
Manufacturers new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



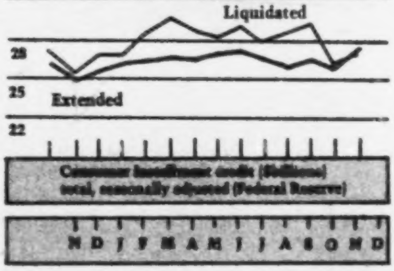
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Like cars in the Twenties, radio in the Thirties and TV in the Fifties, personal computers are a giant business that is fast becoming mass.

Tomorrow has arrived

By Kathleen K. Wiegner

SNAPSHOTS FROM THE big picture: The kid in Los Angeles is already outgrowing his $895 TRS-80 personal computer. He tells the ComputerLand store manager that he intends to trade up to a larger system—"with disks, because cassettes are too slow"—that will cost around $2,500. "But I could use it for a long time because the system is easily expandable," adds the kid. The dealer smiles. The kid is just 14.

Across the country in Cos Cob, Conn., an audience of some 60 parents—potential computer buyers all—listen to the junior high school math teacher explain the personal system he has put together from an Apple II (cost: $1,530), a green-screen monitor ($219), a disk drive ($640) and a printer ($645).

In Dallas, the CompuShop is selling Apples to small business owners, corporate middle managers, lawyers and financial analysts who, along with software programs for accounting and inventory-keeping, purchase a couple of video-game packages, paying for the lot with company checks. "Obviously the rationale is that it is a business tool," observes the proprietor sagely. And so it is.

In Anaheim, Calif., savvy engineers from nearby Rockwell International shop around for personal computers to help them in their work. When they find one that they like, they put in a requisition to the purchasing department for "test equipment."

The personal computer business, in short, is booming. Last year there were 1 million units sold, which, when you include peripheral equipment and programs sold along with the computers, brought total revenues to $2 billion—a new industry already as large as the dog-food business.

If you don't already know, a personal computer is simply this: At the heart of computing power is a tiny microprocessor, which sells for around $3 to $5. Wrapped around the microprocessor chip are a handful of other miniature components and a keyboard for entering information. Add a monitor (or your own TV set) and a way to load programs into the computer (a cheap cassette tape recorder will do) and you are in the computer game, just like the big folks. By switching from tape to record-like disks, a user can store enough information to run a small business or control a sophisticated piece of machinery. Add a printer and out come printed letters or parts in inventory. Attach a modem (short for modulation/demodulation) and you can receive data stored in other computers over a phone line. Finally, there are the thousands of software programs (which tell the computer whether it is processing a letter or playing Space Invaders) for building a library of computer uses. Things like home-budgeting or managing a stock portfolio.

Retailers have not seen a market like personal computers since the great days of the automobile. The markups run well over 30%, and the computer itself is only the start of the sale. There are the options, sold à la carte—floppy disk drives, video monitors, high-speed serial interface cards. And there is the necessary software. A popular program called VisiCalc, a computerized model of a ledger spread sheet,

Don Estridge with the IBM PC
IBM has had the hot new product since last August. Priced to appeal to individuals and big corporations, its greatest attraction may be the IBM name. By December IBM was shipping an estimated 12,000 a month.

Retailers have not seen a market like personal computers since the great days of the automobile. Dealer markups run well over 30%, and the computer itself is only the start of the sale.

costs around $200. It's like selling a film of the Super Bowl and a TV set on which to watch it at the same time.

The projections are simply breathtaking: By 1985, reckon analysts of the new industry, personal computers—machines selling for less than $10,000 that are designed to be used primarily by one person—will be an $8 billion to $10 billion market.

The existing distribution system—1,500 computer stores, led by the 655 Radio Shacks and the 220 ComputerLands—couldn't begin to handle that kind of volume. But the nation's larger retailers are aware of the opportunities. R.H. Macy has begun to sell Atari and TI computers, and in the spring will begin selling Apple, Xerox and Osborne. Carter Hawley Hale's Weinstock stores and the Dayton-Hudson chain are carrying personal computers, and Sears business stores will handle the new IBM product. Independent sales outfits (akin to systems houses that handle larger computers) package personal computers with appropriate software and sell them to doctors, lawyers, accountants and even farmers.

Alas, a boom is not healthy for everyone in the business. As autos boomed into a mass market, the Peerless, the Huppmobile, the Pierce-Arrow, Auburn-Cord and many other early starters fell by the wayside. There is something about growth that leads to concentration. As the original Henry Ford and GM's legendary Alfred P. Sloan demonstrated almost 60 years ago, nothing is more uncertain than the early days of a giant market.

This time the pioneers are Cupertino, Calif.'s Apple Computer Inc., where two entrepreneurs brought out the first personal computer in 1976; Tandy Corp., owners of Radio Shack; Commodore International; the Atari division of Warner Communications Inc. These bold beginners had the field pretty much to themselves while the market remained largely one of the small businessmen, professionals and video-game players. Some of the computers sold for as little as $500 and were thought to be beneath the dignity of the data-processing giants.

But the market was destined not to remain small. In an age of soaring costs for raw materials and labor, the computer remains one of the last means of reducing costs and increasing productivity. Using manual meth-

W. Dal Berry with Xerox 820
Xerox has taken a safe route, offering a "me, too" Apple. Any excitement was quickly drowned in IBM's announcement. But Xerox can give customers a plan for linking the 820 with its other office products.

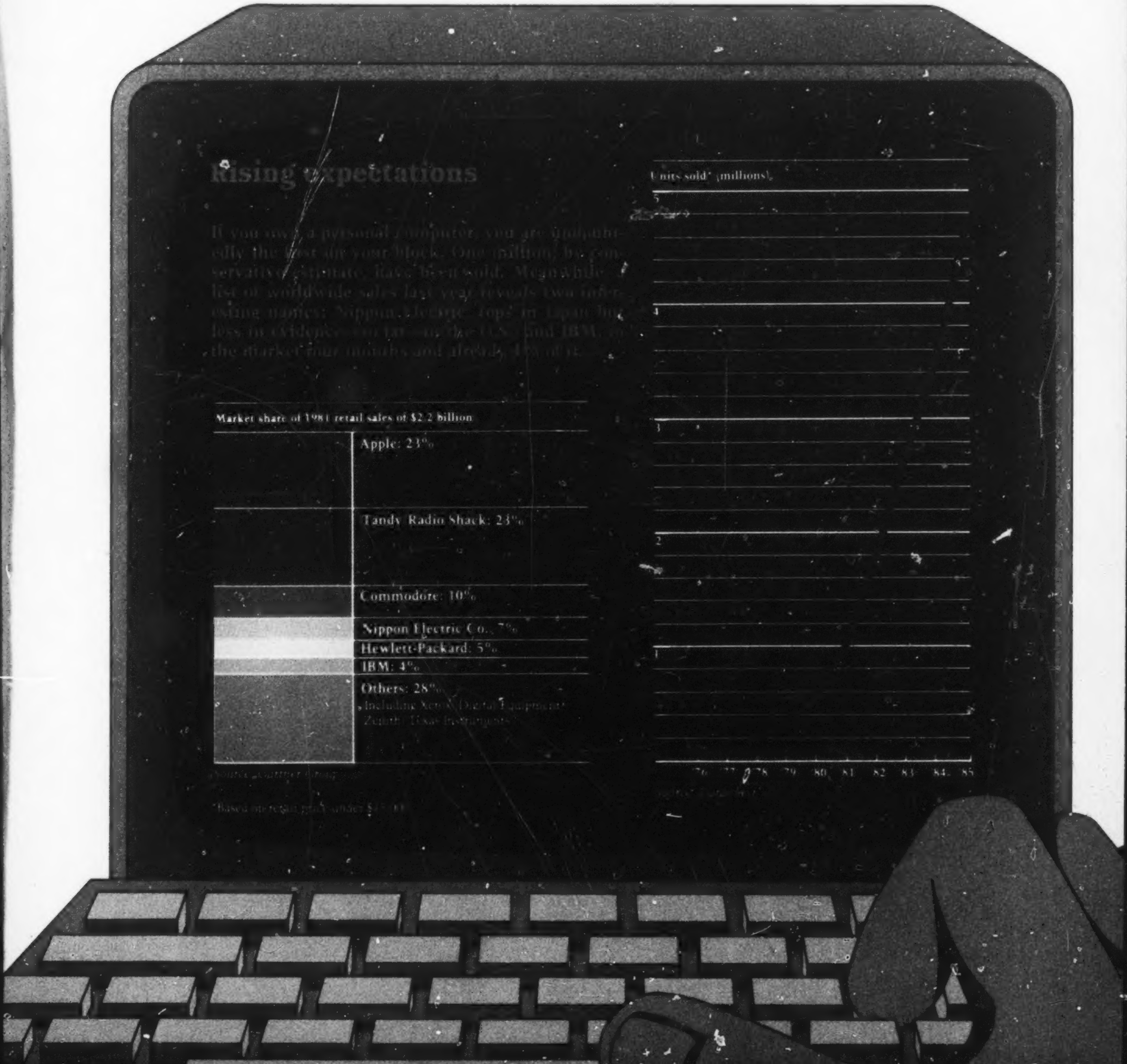
ods, it would cost a business $233,000 a year to match what a $15,000 computer can do. And not only does a computer save money: It greatly increases the range of what a single individual can do unaided. The market therefore would not forever be limited to small-time users.

Last August mighty IBM introduced its first personal computer. Xerox entered the market last year as well. "Our move was partly defensive," acknowledges W. Dal Berry, vice president, office products business unit. "We were beginning to see Apples and Tandys used by our major accounts." The minicomputer makers Hewlett-Packard, Digital Equipment and Data General jumped into the fray. Texas Instruments regrouped after an initial marketing mistake with its personal computer and is back in the marketplace; Nippon Electric is the most advanced Japanese entrant in personal computers, but only the first of an anticipated phalanx of competitors from Japan. Zenith Radio, which makes computer terminals, brought out its own personal computer in 1979.

Competition is expensive. Advertising budgets are up, prices for hardware are being trimmed here and there. The cost of developing new and better products is rising. Tandy spent an estimated $150,000 developing its first personal computer in 1977; for its latest, the TRS-80 Model 16 announced last month, the development cost was not thousands but millions.

At the beginning of 1982 the personal computer market appeared to be dividing. On one hand, the high end—targeting the large corporations where banks of the little machines might be linked to the firm's mainframe computer system. On the other hand, the low end, the still emerging personal and home market. Companies were choosing their turf and readying for a battle that would undoubtedly change the current rankings in the market.

The industry is still so new that estimates of market share depend somewhat on who is doing the estimating. The Dallas research firm Future Computing counts orders as well



Rising expectations

If you own a personal computer, you are undoubtedly the first on your block. One million, by conservative estimate, have been sold. Meanwhile a list of worldwide sales last year reveals two interesting names: Nippon Electric, tops in Japan but less in evidence so far in the U.S., and IBM, in the market four months and already 4% of it.

Source: Gartner Group Inc.

*Based on retail price under $15,000

Richard Moore with H-P 85
Hewlett-Packard is not changing its corporate philosophy: Sell to customers with some technical know-how who will pay a bit more for an H-P product. So far, H-P has sold around $125 million worth of H-P 85s and peripherals, good enough for personal computers to be given divisional status.

as computers shipped to compile the following line-up for 1981 sales and installed bases:

- Apple, an entrepreneurial company that had $335 million revenues, $39.4 million net income last year, 180,000 machines sold in 1981, installed base of 350,000.
- Tandy Corp., a retailing company of $1.7 billion revenues and $170 million net income, 170,000 sold last year, installed base of 400,000.
- Commodore International Ltd., a King of Prussia, Penna. company of $187 million sales, $24.9 million income, 150,000 sold last year, 300,000 installed base.
- IBM, the world leader in data processing, $26 billion revenues, $3.5 billion net income, sold 40,000 machines from August through December 1981.
- Texas Instruments, the big semiconductor manufacturer, $4 billion revenues, $212 million net income, 30,000 unit sales in 1981, 45,000 machines in the field.
- Atari, a division of Warner Communications, estimated personal computer revenues $10 million, 30,000 sold last year, 40,000 computers in the field.
- Hewlett-Packard, the leading maker of scientific instruments, $3.6 billion revenues, $312 million net income, 26,000 units sold in 1981, 36,000 in the field.
- Others—including such prominent names as Digital Equipment, Xerox, Data General, Zenith, Nippon Electric—sold among them 129,000 machines in 1981, with a total of some 180,000 computers in the field.

Who among the above will be on top in, say, 1985? Who among them may not even survive, at least as an independent company? A lot depends on how each company approaches the developing markets. If this were the 1960s era of mainframe computers, the pioneers' large bases would give them a hard-to-challenge lead. But installed base is less of an advantage in personal computers than it was in mainframes. Then a customer had to transform its entire data-processing. With the personal machine, an individual customer may trade in or trade up to the latest hot product—as with autos in the golden days of Detroit—since his overall investment is considerably less.

And that is but one reason why the company that has all other personal computer makers frightened is IBM. "The marketplace is in such turmoil that customers go with the hottest, newest, most powerful product," says David Crockett, senior vice president of the Cupertino, Calif. market research firm Dataquest.

IBM is gearing its marketing strategy to entice everyone from chief executive to adolescent to "own a little IBM." To get into the market quickly and in a way calculated to give it the broadest possible acceptance, the big company violated many of the rules that were always said to be graven in Armonk stone. In big computers IBM develops its own software, for instance. But IBM designed its personal computer to run the most popular independently produced programs—Easy Writer by Information Unlimited Software, VisiCalc by Personal Software. Another rule: IBM makes its own parts. Not so in personal computers. "One critical decision was not to manufacture some of the hardware ourselves," says P. Don Estridge, who is in charge of developing and marketing the IBM PC. "We wanted to introduce a machine that customers and hardware and software vendors used to working with Apple and Tandy were familiar with. Unfamiliar technology would have taken time for people to learn."

Most ominous perhaps for IBM's competitors is how quick and entrepreneurial it was in bringing out the PC. It is selling through retail stores—ComputerLand and Sears special outlets—as well as through the com-

James Finke with Commodores
Commodore aims to out-Japanese the Japanese by being the low-cost manufacturer and developing a more universal personal computer that can use other people's software. The VIC-20, far right, is a home hit at only $300.

pany's vaunted direct sales force (for the larger corporate accounts). Analysts' estimates are that IBM will sell at least 100,000 of the $1,565 to $6,300 PCs this year and The Gartner Group projects that by 1985 the company will have 14% of the market.

Still, even the New York Yankees and Dallas Cowboys can be beaten, and competitors are not wilting in fear. Xerox is aiming for the same office automation market as IBM. Vice President W. Dal Berry views Xerox' 820 personal computer as another work station, along with electronic typewriters and word processors that, connected together, can share storage and central data bases. But Xerox has also set up a separate sales organization to sell to small businessmen. While Xerox' 820, which came out last June, is no breakthrough in technology, the company can back it up with a vast sales and service organization, an overall office automation strategy and the leverage it gets from divisions that make disk drives and printers.

Minicomputer makers Digital Equipment and Data General are still developing strategies. Data General was late with its business oriented Enterprise system and with the software to support it. Digital has, in the words of an analyst, "announced its intention to announce" by offering owners of one of its terminals the equipment to convert it into a computer. Further along, Hewlett-Packard has adopted a more narrow marketing strategy. Marketing Manager Dean Clainos sees the fastest growth between now and 1985 in office, small business and scientific uses. H-P, with its strong instruments business, is already solid in the scientific market and is aiming at what H-P calls the analytical professional market—*i.e.*, financial analysts, planners or engineers. H-P, says Clainos, is not marketing to small business at present because often these businessmen want a low price and then require lots of hand-holding afterwards. "Scientists, on the other hand, see computers as tools," says Clainos.

Whatever happened to the home market, which both Apple and Tandy talked about back in 1977? The problem with the home market is that the computer has been a solution looking for a problem. Suggestions that people use a computer to balance their checkbooks or file recipes are akin to offering a V-8 automobile for a trip to the corner mailbox. The public understandably was not interested. Except for games.

The video games have been the door-opener for Atari, and it continues to place its bets on the home market—only $200 million in sales last year but potentially a market of over 80 million households. Atari is hoping that by bringing down the price of its computer (it recently dropped its lowest model to $399) and spending millions on developing the right software, it can turn its videogame computers into the computer of choice for wide home use.

Another company banking on games to lead ultimately to a broad consumer market is Commodore, the current number three contender. "Those games will move computer literacy into the home," says Commodore President H.E. James Finke. "A game computer can become a computer for educational programs and also for accessing data bases."

Commodore's PET computer was an early success in the U.S., but while Commodore did a first-class selling job in Europe—where it could charge more—the company left U.S. dealers without sufficient product, parts or service. Now, with 60% of sales outside the U.S., Commodore is moving back home.

"We're the 1955 Volkswagen," Finke declares, "the low-cost, reliable product coming from abroad." At the Winter Consumer Electronics Show in Las Vegas last month, Commodore dazzled the crowd with a $595 computer that appears to match the performance of a $1,650 Apple II. Later this year Commodore plans to offer a plug-in circuit that will enable this Commodore-64 to run software designed for other personal computers.

Because it manufactures its own microprocessor (which it also sells to Apple and Atari) and has other semiconductor capability, Commodore has low manufacturing costs.

But the true home computer will require special software written for such uses as tax-planning or learning a foreign language. To date, most programs are written for business applications. With this in mind, Texas Instruments is encouraging software independents to write home-oriented programs for the machine it attempted to sell to the home market in 1979. That earlier attempt failed because the company had little software, charged too high a price and did not distribute the 99/4 properly. Now it is back knocking at the door with the 99/4A, at a price reduced from $650 to $525 and a redesigned keyboard.

Tandy has just brought out its new computer, a powerful machine aimed at the upper-end professional and business market that is priced competitively with IBM's personal computer. The announcement represents a clear market choice for the Ft. Worth, Tex.-based company, whose traditional buyer has been in the small business and computer-hobbyist range. "Now Radio Shack has a computer to sell to go against IBM," says one analyst. To further the drive into the office market, Tandy's new machines can be linked using the Archnet network developed by Tandy and San Antonio-based Datapoint.

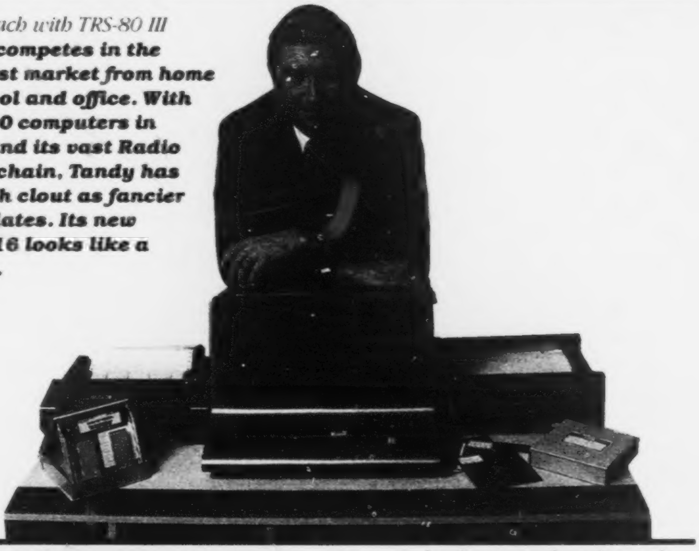
Whatever happened to the home market? The computer has been a solution looking for a problem. Suggesting that people use a computer to balance their checkbooks is like offering a V-8 car for a trip to the mailbox.

Jon Shirley, Tandy's vice president for computer marketing, believes the company's strengths lie in its broad product line—it sells everything from a $200 hand-held computer to an over-$10,000 business system—and its 6,000-store Radio Shack chain, 655 of which specialize in computers. Perhaps the company's greatest strength lies in the fact that its executives, from President John Roach down, keep saying, "First, we're retailers." If at some future time a competing manufacturer has a hot new product but needs distribution, would Tandy sell that competitor's product through its Radio Shack chain? You bet it would, Shirley declares.

Which brings the question of the moment to the market leader, Apple Computer, the originator of the personal computer and the company that had the most instantly recognizable trademark in the field—before IBM came in.

Apple is clearly under pressure. It has strength—its Apple II model is a honey of a product, the personal computer with the largest base of available software. The Apple II has sold over 350,000 units to date, and still sells an estimated 15,000 a month, but is several years old. And Apple's management, trying to follow it up, rushed out the Apple III in May of 1980 and immediately ran into manufacturing and technical problems. The III was withdrawn and reintroduced last November at a lower price and with more software, but to date only around 10,000 of these machines have been sold.

Can Apple hold its old lead, now that IBM is in the field? "I get really



John Roach with TRS-80 III

Tandy competes in the broadest market from home to school and office. With 400,000 computers in place and its vast Radio Shack chain, Tandy has as much clout as fancier nameplates. Its new Model 16 looks like a winner.

> ***. . . acquisition by one of data processing's big-timers not presently in personal computers. Regardless, Apple remains a monument to what daring and brilliance can still accomplish within the American business system. Independent or as part of something bigger, Apple has forced the big boys to open the circle.***

aggravated when people ask me how we're going to respond to IBM." President A.C. (Mike) Markkula Jr. is clearly irked by the suggestion that IBM is invincible. "IBM was responding to us! There's no substitute for time. You can't just throw corporate resources at a problem and get immediate results. With our installed base and vast software for Apple II, we're at the top."

Staying there will not be easy, though. Apple is a year late in bringing out its new, more powerful computer, code-named Lisa and reportedly developed at a cost of $30 million. Markkula explains that Lisa—which analysts predict will cost over $5,000—will use its extra power not so much to do more calculations as to make it easier for users to operate.

That is an intelligent approach to a market where even potential business users remain a little afraid of the computer. A "friendly" machine could keep Apple among the front runners in a business that it and Tandy have dominated until recently. But the small company still will have a hard road to travel. It lacks, of course, the financial and marketing muscle of the larger companies.

Apple's essential problem is that it could find itself squeezed from below by Atari, Commodore and Tandy and from above by the big battalions of IBM, Digital, Xerox, H-P and others.

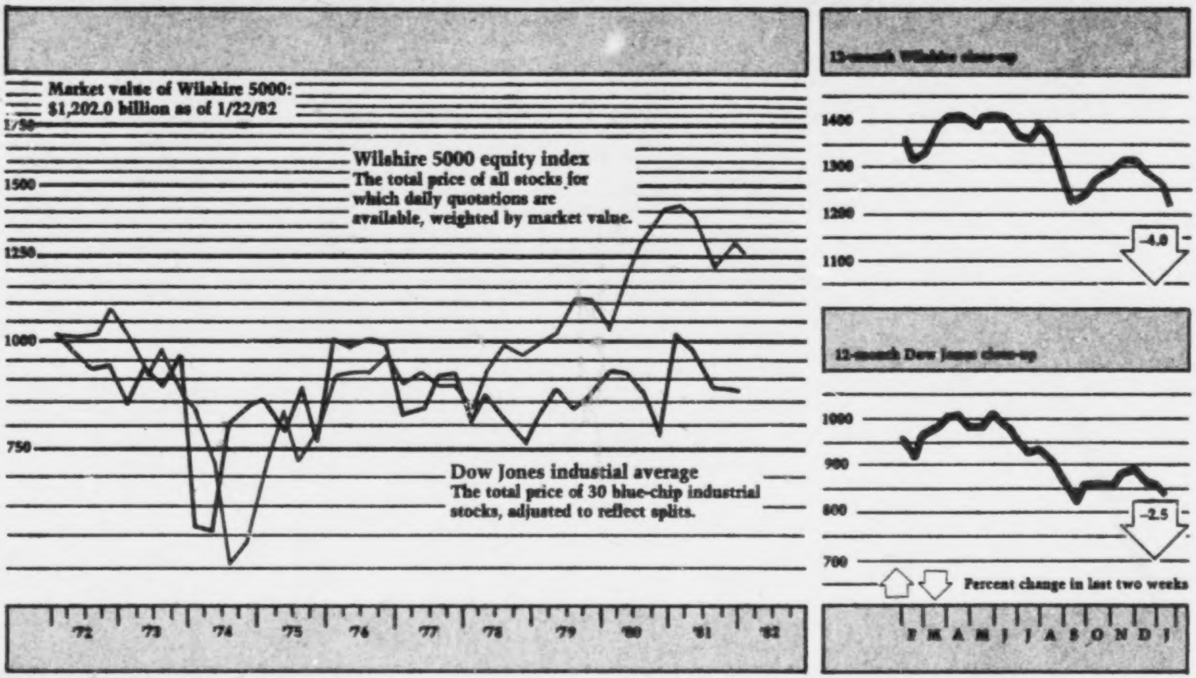
Would it seek help—a joint venture? A merger? Markkula says, "We want to be in business ten years from now." As an independent company? Markkula pauses, smiles and answers "yes." Nevertheless, industry observers are already talking up Apple as a candidate for acquisition by one of the data-processing big-timers not presently in the personal computer field. Regardless, Apple remains a monument to what daring and brillance can still accomplish within the American business system. Independent or as part of something bigger, Apple has forced the big boys to open the circle and let it in.

The personal computer field. It seems odd still to speak of a five-year-old industry as a giant, as bringing something profound to the lives of all. But that is the feeling one gets about personal computers, which represent nothing less than the democratization of computing power. You may not yet know what you could use one of these products for, but you feel sure that, sooner or later, you are going to have to learn. ■

Mike Markkula with Apple III

Apple is the industry legend with its Apple II, and offers more software than the competition. A favorite among professionals and small businesses, Apple hopes to be a winner in the office with a new product due this year.

The Forbes/Wilshire 5000 Review



When will it stop? The Wilshire index shows securities lost over $71 billion in market value over the last four weeks. Still, the news isn't all bad. Less than $7 billion in market value was wiped out in the latest two-week period. That means the pace of selling has slowed, at least temporarily.

The exodus from Wall Street has been prompted by doubts about interest rates, inflation, the state of the economy and the budget deficit. The blue chip Dow stocks show the most resistance to investor jitters: The Dow fell 2.5% in two weeks, whereas the Wilshire lost 4%. But the American Stock Exchange—with its high exposure to energy stocks—was particularly hard hit. It lost 8% in two weeks, 11% in four weeks.

These numbers don't exactly encourage you to stand up and cheer over recent market performance. Nor does much of the gloomy financial news that now fills the papers and air waves. Still, this ongoing shakeout has its positive elements.

Two major constraints on profitability—energy and labor costs—are in the process of adjusting to the reality of market forces. Corporate America is also slashing away at fat and inefficiencies. Even though Wall Street and the economy may have yet to touch the very bottom, the eventual rise back to the top could be rather dramatic.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	−6.4	−3.2	−6.1	−11.0	−5.8
in last 52 weeks	−10.7	−10.1	−10.7	−16.1	−5.7

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	−4.4	−1.2	−5.6	−1.0	−1.2	−1.7	−8.3	−1.8	−6.3	−0.1
in last 52 weeks	−2.8	10.0	−16.4	2.9	6.8	2.7	−3.0	4.4	−6.0	9.3

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

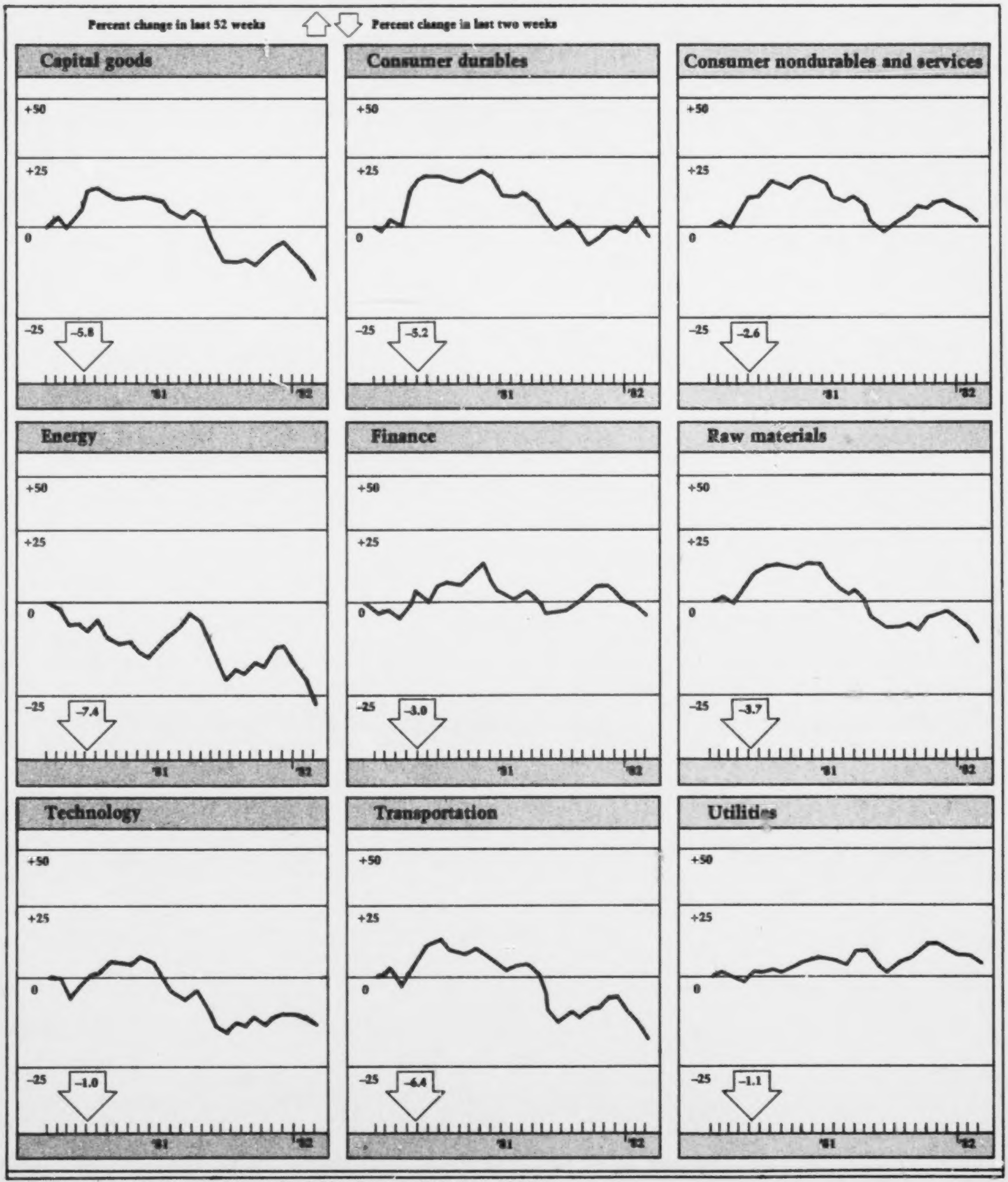
Note: All data for periods ending 1/22/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Hot opportunities in energy. Over the last two weeks all sectors took a beating, energy in particular. Not surprisingly, it is a bit hard to get excited over energy issues. After all, these stocks declined almost 30% in value over the last 52 weeks. But in times like these the contrarians start sniffing around for bargains.

Close behind the 7.4% decline of energy stocks was the transportation sector. It suffered a 6.4% setback. As air carriers release their fourth-quarter earnings reports, many investors are bailing out. A rash of bankruptcies of trucking firms is shaking shareholder confidence.

But look at technology stocks. After being at or close to the bottom of the heap for a good many weeks, this sector showed some strength. Even with a loss of 1% for the most recent reporting period, the technology sector outperformed the eight other groups.



Note: All data for periods ending 1/22/82. Prepared by Wilshire Associates, Santa Monica, Calif.

tional favorite. The pros had consistently held roughly 40% of all U.S. Home shares.

That's high for a company in a fragmented, cyclical industry, but U.S. Home had charisma: Guy R. Odom, its aggressive chief executive officer, could spellbind with tales of how the company's formula of buying construction sites in quantity and building residential market share just couldn't miss hitting the mark.

Now, however, the old excitement is gone. Last month the company reported its 1981 results. Revenues for the year were off by 9%, but profits were less than a quarter of 1980 levels. But the real shock was the fourth quarter. U.S. Home turned in a pretax loss of over $23 million, roughly 61 cents per share.

What with the general gloom in the housing market, U.S. Home's stock price had already slumped by some 60% in less than a year. When news of the fourth-quarter fiasco hit, however, shares slid another $1.75, to 10¼. "The stock could be headed for single digits," says Barbara Alexander, who follows the company and the housing industry for Smith Barney, Harris Upham. "U.S. Home cut its dividend in November, and it's very possible they'll have to do that again."

Like most analysts, Alexander was braced for some bad news—but not as much as U.S. Home parceled out. Unit deliveries were off 21% for the quarter, the average price was flat and operating revenues declined 30%. Beyond that, the company wrote down its investment in land and discontinued projects by $7.3 million. She estimates that excluding that special charge, the company lost $5,500 on every unit it sold.

In the second half of last year Odom belatedly began liquidating inventory. He also tried to tidy up his balance sheet in December by swapping $15.4 million in debt for stock. At year-end, however, U.S. Home still had almost $100 million in short-term debt and some $250 million in long-term debt. Its equity base is a slim $264 million.

There are also some off-balance-sheet obligations. An affiliate called Homecraft Land Development, Inc. has about $150 million worth of real estate under option. That financing company—20% owned by U.S. Home—has borrowed heavily. Although U.S. Home isn't legally obligated on Homecraft's total debt, the lenders would certainly expect the company to stand behind its projects—if only to maintain credibility.

Despite all of this, Alexander expects U.S. Home to be profitable in 1982. She is estimating $1.50 a share, down 50 cents from her earlier prediction of $2. But don't buy yet. "The stock should remain under pressure because there are a lot of disappointed investors waiting to get out on any rally," she explains.—**Howard Rudnitsky**

Airlines: rough skies or regional opportunity?

Fasten your seatbelts, turbulent skies still lie ahead for the airlines. Deregulation has created a free-for-all among the established carriers and enticed dozens of upstarts into the fray. Price wars have been sparked by the new competition, a recessionary economy and struggling carriers desperate to fill seats. While the public is profiting from cheap fares, most companies in the industry lost money for the second year in a row, and Braniff, Continental and Pan Am are flirting with bankruptcy.

Investors are queasy, too. Most airline stocks are trading at barely half their 1981 highs, and pessimism is as heavy as a flight-grounding fog. But in today's world all carriers aren't created equal. "Since these companies generally move together, some have been battered in the market more than they deserve," says John Pincavage, an analyst at Paine Webber. "It's like a raid-the-whorehouse routine where they take everybody—the good girls, the bad girls and the piano player."

The good girls of tomorrow are likely to be regional carriers. They have greater flexibility because of their size and nonunion labor. Regionals also serve out-of-the-way routes where they often have less competition and can thus exact higher fares. Frontier, Piedmont and Southwest, for example, show relatively healthy revenue per passenger mile.

Despite the industrywide stock slump, investors realize this. Piedmont, for example, is one of the few airlines that trades near the middle of its 1981 price range. Why? It's still scoring profit gains. Third-quarter net was up 18%. The real potential for investors, however, may lie in regionals with sound balance sheets that are suffering from the current market downdraft. Look at Southwest, one of the strongest carriers overall. It is now selling at 41.6% below its high, but earnings for 1982 are projected to increase to $4.25 per share. If the industry rebounds, the company's stock price could double.

As for trunk carriers—even healthy ones like Delta and Northwest—most experts advise caution. These high-volatility stocks are best used as trading vehicles and then only by investors with strong stomachs. "All the trunks are dinosaurs if they can't find a way to get cost structures in line," says Pincavage. "Braniff appears to be leading them to the tar pits."

Wall Street's disenchantment with flying probably won't end until the market senses that the silly season of unprofitable low fares is over. No one will go out on a limb to predict when that will happen, but Robert Joedicke of Lehman Brothers cautions that when the industry does take off the ride will be fast. "If you wait to establish a position, it may be too late," he warns. "You'll just chase them up the ramp."—**Paul Bornstein**

Flying in the black

The nine airlines below have positive 12-month earnings—a show of strength in a troubled industry. Even among the strong, however, there are levels of risk. Debt/equity ratios are good safety indicators: the lower the better.

Company	Recent price	52-week price range	Earnings per share latest 12 months	Earnings per share 1982 estimate*	Debt/ equity
Alaska Airlines	5⅜	8¾– 3⅞	$1.81	$1.55	2.3
Delta Air Lines	23	41⅜–22⅞	3.21	2.50	0.1
Frontier Airlines	19⅜	28¾–16¾	3.88	3.55	0.8
Northwest Airlines	23¾	38⅜–22⅞	0.95	1.25	0.1
Ozark Air Lines	8¾	13⅜– 5⅝	2.20	2.20	2.6
Piedmont Aviation	24⅜	32⅛–15¼	4.24	3.90	1.7
Southwest Airlines	28¼	48⅜–23½	3.51	4.35	0.6
Trans World	14⅜	28⅜–13¾	1.93	3.50	2.0
US Air	10⅞	26⅛–10⅝	3.17	3.75	0.9

*The Value Line Investment Survey.

Hold on to your wallets. Here's everything you always wanted to know about inflation stock prices—but were afraid to ask.

Rough hedge

Statistical Spotlight

By Steve Kichen

WALL STREET was sitting pretty as investors rang in 1973. Double-digit inflation and gasoline lines were unknown and Detroit was firmly in the driver's seat. Hot institutional favorites sold at high multiples. Remember IBM at 37 times earnings, Coca-Cola at 47 or Eastman Kodak at 48?

That torrid love affair isn't what it used to be, and since then even worse rising price levels have eroded pre-OPEC equity investments dramatically. In the cold winter of 1982, the dollar is worth just 45% of its 1973 value. To put this in perspective, we decided to measure the real returns of stocks of 100 of the nation's largest companies.

Using computers at Wilshire Associates in Santa Monica, Calif., we developed total return figures that assume a quarterly reinvestment of dividends over this nine-year period. Then, to see how total returns stood up against rising price levels, we factored in the change in the Consumer Price Index and compared this inflation-adjusted figure to split-adjusted stock prices as of year-end 1972.

Sadly, these numbers say a great deal about why so much money is now locked up in real estate and collectibles. Remember Xerox as a superstar? It sold for $149.25 a share in 1972 and $40.50 at year-end 1981. The inflation-adjusted total return figure paints an even more dismal picture. The original investment is now worth only $23.44 in 1973 dollars. Yes, it's a little hard to salt away money for one's old age with a nine-year return of –84%. Former favorites such as Kodak, Ford and Coca-Cola suffered a similar fate.

Of course, not every big-name stock took you to the poorhouse. Cooper Industries, a manufacturer of compressors and other tools, shows an inflation-adjusted total return of 228%. Hughes Tool shot up 187%, while NL Industries rose almost 251%. Tandy gained an impressive 432%. And Teledyne, which hasn't paid a cash dividend in recent memory, shows a bottom-line return in excess of 700%.

Oils and energy-related stocks turned out to be reasonably sound investments despite the drubbing they took in 1981. Union Oil of California shows a real return of 139%; Pennzoil, 94%; Atlantic Richfield, 49%. While oils were prospering, however,

There's no return like a real return

Adjust the numbers to reflect price increases, and many stocks have been lousy investments since 1972. Column five gives the bad news.

Company	Price 12/31/72	Price 12/31/81	Inflation-adjusted price 12/31/81	Inflation-adjusted total return value	9-year real return
Abbott Laboratories	$ 8.75	$27.00	$12.24	$15.06	72.1%
Aetna Life & Casualty	24.38	44.00	19.95	30.74	26.1
Alum Co of Amer	17.71	25.63	11.62	16.63	–6.1
Amax	21.92	47.25	21.43	31.52	43.8
Amerada Hess	18.88	24.13	10.94	13.56	–28.2
American Brands	21.06	36.75	16.67	31.92	51.6
Amer Electric Power	30.00	16.25	7.37	18.58	–38.1
American Express	64.88	44.13	20.01	27.16	–58.1
Amer Home Products	40.67	36.50	16.55	23.55	–42.1
AT&T	52.75	58.75	26.64	52.97	0.4
Anheuser-Busch Cos	55.25	41.13	18.65	23.98	–56.6
Atlantic Richfield	19.44	46.88	21.26	28.97	49.0
Baker International	8.47	38.00	17.23	19.20	126.7
Baxter Travenol Labs	27.88	33.50	15.19	16.40	–41.2
Boeing	5.56	22.50	10.20	14.39	158.8
Bristol-Myers	34.50	53.13	24.09	32.18	–6.7
Burlington North Inds	24.75	53.63	24.32	33.33	34.7
Caterpillar Tractor	44.33	55.50	25.17	33.69	–24.0
Cities Service	15.53	46.00	20.86	32.81	111.3
Coca-Cola	74.25	34.75	15.76	30.71	–58.6
Commonwealth Ed	35.88	19.88	9.01	21.94	–38.9
Conn General Ins	37.06	50.00	22.67	29.03	–21.7
Consolidated Ed	25.00	32.50	14.74	34.44	37.8
Cooper Industries	9.25	51.50	23.36	30.32	227.8
Deere & Co	22.88	35.50	16.10	23.57	3.0
Digital Equipment	30.58	86.50	39.23	39.22	28.3
Dow Chemical	25.38	26.25	11.90	16.46	–35.1
Dresser Industries	11.69	33.25	15.08	18.56	58.8
EI Du Pont	59.17	37.25	16.89	26.73	–54.8
Eastman Kodak	148.38	71.13	32.26	44.23	–70.2
Emerson Electric	45.63	45.38	20.58	26.95	–40.9
Exxon	21.88	31.25	14.17	25.95	18.6
Fluor	7.35	30.00	13.60	16.15	119.7
Ford Motor	63.70	16.75	7.60	14.44	–77.3
Gannett	25.67	36.13	16.38	21.06	–18.0
General Electric	72.88	57.38	26.02	38.18	–47.6
General Motors	81.13	38.50	17.46	35.51	–56.2
General Tel & Elec	30.13	32.00	14.51	29.31	–2.7
Georgia-Pacific	20.98	20.13	9.13	12.21	–41.8
Getty Oil	23.50	64.63	29.31	35.15	49.6

several of the nation's biggest retailers—Sears, Penney and K mart—proved to be poor bargains.

The total number of gainers to losers on our list was almost even—but that is a bit misleading. The average real return of the group was –23%. Looking back, yesterday's superstars were even more vulnerable than average or below-average companies with far less visibility. The fact that Xerox sold at a multiple of 48 was bound to attract lots of competition. And as more American and Japanese companies slugged it out in the photocopier market, prices were cut, margins were narrowed and opportunities for growth became more limited. Meanwhile, relatively booming industries like electronics and communications at least kept investors even with inflation.

On the other hand, suppose you weren't a stock market oriented person back in 1973 and decided instead to bet on bonds. Compounding of bond interest of a 6⅜% coupon 1982 U.S. Treasury from January 1973 would have returned $759.90 in nine years. Adjusting for the change in the bond's market price, that is a 75% return, 34% adjusted for inflation. A Ford 8⅛% coupon maturing in 1990 would show a nine-year inflation-adjusted return of 28%. Compared to the stocks on our list, these figures are mouth-watering.

What about hard assets? A sporty, metallic green BMW 2002 was going for $4,200 back then. Assuming you kept the car in good shape, it is still worth close to $4,000. After inflation you are behind 57%. But you have had the use of the car for nine years; even after gas and lube jobs, a return probably comparable with Xerox common.

A two-bedroom condominium in Phoenix, on the other hand, sold for $40,000 in 1973 and would probably fetch $100,000 today. That's a 13.4% real return. And it doesn't include any income that could have been generated by leasing out the unit.

Then there's gold. Even with its ups and downs, the metal was a solid investment during this period, showing a real return of 177%. Stocks like General Motors, Du Pont and International Paper didn't do as well.

Sure it's been a rough nine years for many stocks, but the tide could be shifting in their favor. The exchanges are loaded with bargain-priced issues, whereas real estate and collectibles are showing signs of peaking. So think before you leap into your next inflation hedge. The only sure thing is that what worked in the past will not always work in the future. ■

Company	Price 12/31/72	Price 12/31/81	Inflation-adjusted price 12/31/81	Inflation-adjusted total return value	9-year real return
WR Grace	$26.50	$45.75	$20.75	$36.11	36.3%
Gulf Oil	27.00	35.38	16.04	30.41	12.6
Halliburton	23.38	52.13	23.64	27.27	16.6
Hewlett-Packard	21.63	39.63	17.97	18.72	–13.5
Hughes Tool	7.10	40.13	18.20	20.38	187.0
IBM	80.40	56.88	25.79	36.43	–54.7
International Paper	41.88	39.13	17.74	26.47	–36.8
IT&T	60.25	29.75	13.49	25.01	–58.5
Johnson & Johnson	43.50	37.13	16.84	19.70	–54.7
K mart	48.88	15.75	7.14	8.59	–82.4
Kerr-McGee	32.94	37.38	16.95	20.25	–38.5
Eli Lilly	79.63	56.00	25.40	32.83	–58.8
Litton Industries	10.56	56.38	25.57	26.32	149.2
McDonald's	76.25	65.38	29.65	31.32	–58.9
Merck & Co	89.13	84.75	38.43	48.06	–46.1
Minn Mining & Mfg	85.63	54.50	24.72	32.94	–61.5
Mobil	18.50	24.13	10.94	19.22	3.9
Monsanto	49.63	70.13	31.80	49.46	–0.3
NL Industries	8.44	39.75	18.03	29.60	250.7
Occidental Pet	11.75	24.00	10.88	17.16	46.0
Pacific Gas & Elec	32.63	21.00	9.52	22.50	–31.0
JC Penney	90.38	28.63	12.98	18.68	–79.3
Pennzoil	17.83	48.00	21.77	34.52	93.6
PepsiCo	29.04	36.38	16.50	22.17	–23.7
Pfizer	42.88	53.25	24.15	31.93	–25.5
Philip Morris	29.56	48.75	22.11	28.16	–4.7
Phillips Petroleum	22.19	40.50	18.37	25.15	13.3
Procter & Gamble	111.50	80.38	36.45	48.81	–56.2
Raytheon	8.41	37.38	16.95	21.32	153.5
RJ Reynolds Inds	25.81	47.13	21.37	35.53	37.7
Rockwell Intl	16.19	32.75	14.85	26.72	65.0
Santa Fe Industries	11.08	21.13	9.58	15.66	41.3
Sears, Roebuck	58.00	16.13	7.31	11.06	–80.9
Shell Oil	13.72	44.00	19.95	30.17	119.9
SmithKline	14.60	67.63	30.67	55.88	282.7
Southern Calif Ed	27.75	28.75	13.04	30.17	8.7
Southern Co	20.13	12.00	5.44	14.26	–29.2
Standard Oil Calif	19.91	42.88	19.44	32.61	63.8
Standard Oil Ind	21.88	52.00	23.58	35.11	60.5
Standard Oil Ohio	11.55	41.50	18.82	23.49	103.4
Sun Co	17.75	45.50	20.63	30.41	71.3
Superior Oil	13.86	36.88	16.72	17.85	28.8
Tandy	2.88	33.75	15.31	15.33	432.3
Teledyne	7.84	138.50	62.81	62.80	701.1
Tenneco	29.00	33.50	15.19	27.17	–6.3
Texaco	37.50	33.00	14.97	29.11	–22.4
Texas Instruments	90.94	80.50	36.51	42.09	–53.7
Texas Oil & Gas	7.30	35.00	15.87	15.26	109.0
Texas Utilities	34.00	19.63	8.90	17.11	–49.7
Time Inc	15.81	38.25	17.35	24.93	57.7
Travelers	38.88	43.88	19.90	30.43	–21.7
Union Carbide	50.00	51.38	23.30	37.87	–24.3
Union Oil Calif	9.97	37.63	17.06	23.80	138.7
Union Pacific	17.25	52.00	23.58	32.18	86.6
United States Steel	20.33	29.88	13.55	22.24	9.4
United Technologies	22.25	41.75	18.93	29.77	33.8
Warner Comm	10.41	54.88	24.89	31.20	199.7
Westinghouse Elec	43.00	25.50	11.56	19.05	–55.7
Weyerhaeuser	28.19	29.00	13.15	16.91	–40.0
Xerox	149.25	40.50	18.37	23.44	–84.3

Source: Wilshire Associates

MARCH 1, 1982 TWO DOLLARS AND FIFTY CENTS

-/ C 3950-1

Forbes

Notes on Buy-list

3-1-72

THE NIFTY FIFTY REVISITED

Avon, Black & Decker,
Coca-Cola, Colonial Penn, Disney,
International Flavors & Fragrances (IFF),
K mart, Marriott, McDonald's,
Simplicity Pattern, Tropicana
[illegible], Chesebrough Pond's, Fluor,
Halliburton, ~~Schlumb~~ Schlumberger,
Kerr McGee, Santa Fe International,
Utah International, Hughes Tool,
AMP, Automatic Data,
Kodak, Electronic Data Systems,

Hewlett-Packard, Perkin-Elmer, Polaroid,
Texas Instruments, Xerox,
National Semiconductor, Curtiss-Wright.
IBM, ~~American~~ 3M
American Hospital,
Baxter Travenol Labs, Johnson & Johnson,
Eli Lilly,
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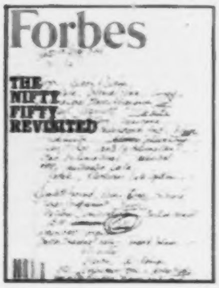

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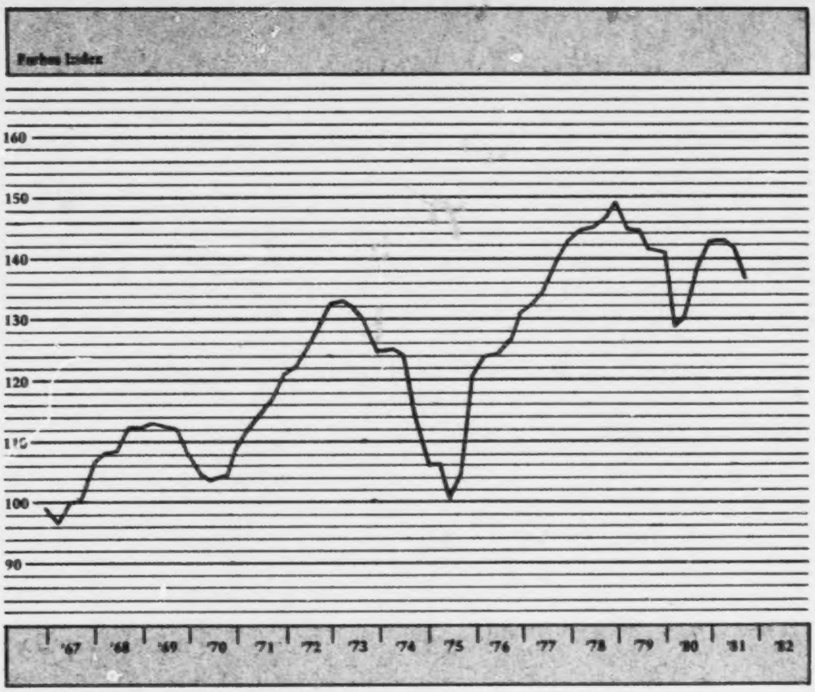
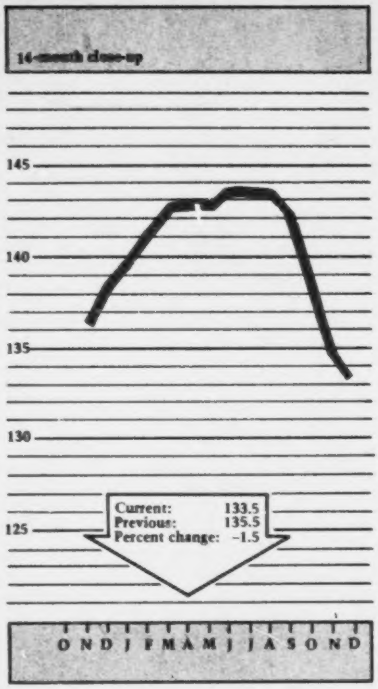
The Forbes Index





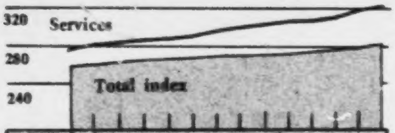
Still in the dumps. The Forbes Index continues to fall—to the point that it is now well below year-ago levels. What's more, the pace of the decline is accelerating, and that clearly isn't reason for cheer. The latest dip comes in part because unemployment claims are still rising. In December they were up more than 2%.

On the good-news front, orders for manufactured goods rose marginally and inventories fell. But neither of these positive signs was enough to offset the broader gloomy statistics. Both consumers and corporate economic forecasters seem to expect a continuing decline, and that's a major dose of pessimism to overcome.

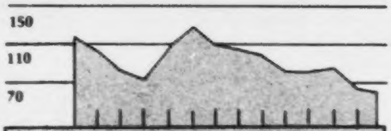
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

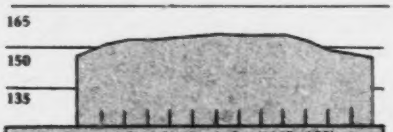
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



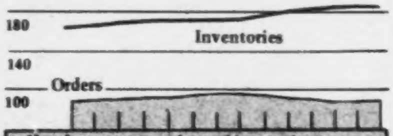
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



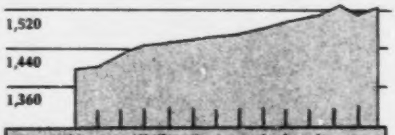
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



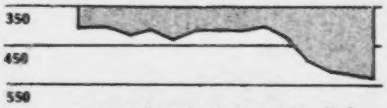
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



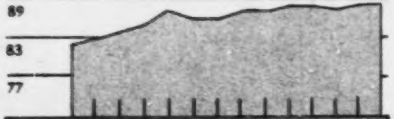
Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



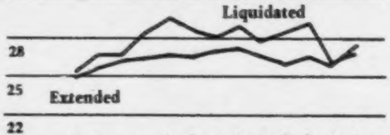
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



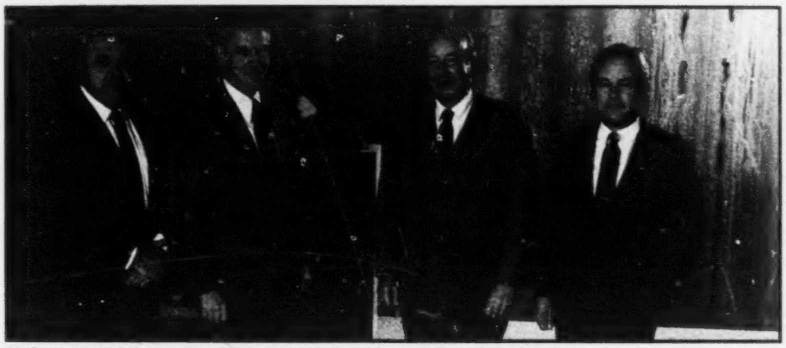
Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

where its sales force was missing out on broader opportunities.

As Lehr and other managers saw it, the problem at 3M was that commendable diversity had become self-defeating. "Each division took its own little slice of the future," says Vincent Ruane, vice president in charge of the electronics division. "We were becoming too fragmented."



3M's Livio DeSimone, of Life Sciences; Robert Adams, Technology Services; Chairman Lewis Lehr; and Vincent Ruane, Electro Products
Retreating from fragmentation and advancing into communications.

So a healthy shake-up was in order, and Lehr played it for all he could, calling company meetings, to drive home the message that more than mere title-shuffling was at stake. "3M had annual sales of $100 million when the division structure was established, and we had $500 million in sales a year when the groups were formed," he noted to his audiences. "Now 3M is a $6 billion-a-year company and still growing, so we are changing to remain manageable for the future." But for all the drama, Lehr sees the reorganization as only the first step in a much more fundamental long-term transformation of the company.

Lehr and a group of 26 other 3M managers and directors met in January 1981 at a small lodge in frigid northwest Minnesota to plan the transformation of the company. Identifying the problem came easy. "The world has changed around us," says Lehr, "but our research program hasn't grown up."

For example, 3M lacks even a significant toehold in the two great contemporary industries: computers and communications. "We're very concerned where we're at in computers," says Lehr, and then grows expansive about communications: "About 54% of the people employed in this country are in communications," he declares, "and that rate is increasing." By communications, he means all forms of data transmission.

3M's great strength is a mastery of bonding materials—the famed Scotch tape is a cellulose acetate film coated with adhesive. The trick will be to carry this mastery into more sophisticated fields.

In 1980, 3M acquired Comtal Corp., a company specializing in computerized synthesis of graphic material—the computer "photographs" of Saturn were composed from electronic signals for NASA by a Comtal digital image processor. In 1979, 3M acquired tiny Interactive Systems Corp., a firm specializing in data-transmission cable for cable TV, word processing and computer communications.

What is the link between these tiny acquisitions and Lehr's vision of the future? The Elgin, Nebr.-born engineer elaborates: These acquisitions have, he says, in effect become the nucleus of a communications division. They have pulled together the assorted products that 3M already supplies to the communications industry. More than that, 3M is getting a taste, albeit small, of what data transmission is all about.

Lehr and other 3M executives are loath to talk of a timetable for achieving a significant position in communications. They are realistic about their limitations. "We are not in a position to do much from scratch," says director of research Robert Adams. "We are too far behind." Forget taking on IBM, adds Adams with a chuckle. "We couldn't compete with Honeywell, Control Data or Univac as a manufacturer."

So, is 3M aiming for a giant acquisition? A merger? Lehr: "We are not averse to doing it," he says, "but I don't know that we would. We have always bought a little of this, a little of that, and put together what we have." His answer is equivocal, probably deliberately so. It says, in effect, that 3M won't be restricted by tradition, no matter how hallowed.

What price quality?

Good management doesn't react to problems; it anticipates them. That's what our 3M story is about. But it's also about the loss of the competitive edge that once made American management the standard of the world.

Remember the Nifty Fifty? So well run that no price was thought too high to pay for their stock. These aristocrats—sometimes called one-decision growth stocks because the only decision needed was to buy them—were in a sense a reflection of that now-vanished pride in American management.

By 1972 the median price/earnings ratio of the Nifty Fifty hit 55—and was to go higher still the following year. Not everybody was taken in, but the dissenters paid dearly for a while. If they went short they were squeezed. If they sold out they looked silly. At 55 times earnings these stocks had an earnings yield of just 1.8%. Ridiculously low? Not to the believers, who included some of the biggest names in money management.

The whole thing was madness but didn't seem so at the time—1972. A Republican President Nixon was returned to the White House, the war in Vietnam was almost over and foreign competition was still minimal. The stock market rose nicely through January of 1973, then suddenly went into a frightening tailspin. Yet for months more, as if in a state of levitation, the Nifty Fifty continued to rise. They were nifty indeed, but at last their turn came, and in the words of one market observer, "One by one they were taken out and shot." In about 12 months Polaroid fell 90%, Avon Products 85%. Even Coca-Cola lost two-thirds of its market value. America's corporate heroes were knocked from their pedestals. 1973 began with euphoria; 1974 ended in despair. The energy crisis had changed the world. And the myth of American managerial genius was shattered.

If there's a happy note, it is this: Most, if not all, of the Nifty Fifty

	P/E ratio		Stock price			Earnings per share		Return	9-year
Company	1972	recent	range since 1972	recent	change since 1972	latest 12 months	change since 1972	on equity	real return
Amer Hosp Supply	50	12	55⅜–18¾	39¼	–19.9%	$3.08	211.1%	14.5%	–58.5%
AMP	51	15	62½–20⅜	48⅜	13.5	3.75	316.7	24.8	–37.5
Automatic Data Proc	76	15	31¾– 5¼	23¼	1.8	1.55	434.5	17.4	–45.1
Avery Intl	64	10	51½–12¼	22¾	–47.1	2.95	227.8	15.1	–64.6
Avon Products	65	8	139¾–18⅝	29⅞	–78.2	3.66	69.4	27.1	–84.4
Bandag	59	9	43 –10⅛	24	–31.4	2.60	306.3	18.4	–61.1
CR Bard	52	15	42 – 9⅝	30⅝	–18.3	2.04	164.9	13.9	–57.2
Baxter Travenol Labs	78	17	34½–12⅛	33¾	21.1	2.15	451.3	16.2	–41.3
Black & Decker	50	11	42⅜–14¼	14¾	–59.0	1.34	88.7	16.6	–75.9
Burroughs	48	9	126⅜–27⅛	31	–71.5	3.58	52.3	3.8	–82.8
Clorox	41	6	53 – 5½	11	–76.3	1.80	68.2	14.8	–82.1
Coca-Cola	47	8	75 –22¼	31⅜	–57.7	3.58	125.2	21.1	–69.4
Colonial Penn Group	65	14	70 –12⅝	16⅝	–73.9	1.23	–5.4	14.9	–84.8
Damon Corp	53	30	70⅜– 3⅝	7¼	–88.1	d0.13	NM	4.3	–75.8
Digital Equipment	59	12	113¼–15⅛	86½	182.8	7.49	1,398.0	17.2	27.9
Walt Disney	81	14	110¼–15½	48½	–54.1	3.45	167.4	13.3	–75.9
Dr Pepper	62	9	30 – 6½	12⅛	–54.0	1.43	232.6	25.5	–70.4
Eastman Kodak	48	9	151¾–41⅛	71¾	–51.6	7.89	132.7	20.2	–70.3
Jack Eckerd	52	10	31⅞– 6¾	21⅛	–23.9	2.22	335.3	18.1	–51.6
Electronic Data Sys	49	16	32¾– 5⅜	22⅞	–15.3	1.47	177.4	24.7	–40.9
Emery Air Freight	62	8	37½–11⅜	11⅝	–61.0	1.46	175.5	30.6	–72.8
Fluor	48	9	71 – 3⅝	25½	246.7	2.83	1,786.7	26.3	119.0
Hewlett-Packard	61	16	53⅞–11½	40¼	86.1	2.55	628.6	19.2	–13.7
Intl Flavors/Fragrances	75	13	49⅜–16⅝	19⅛	–66.0	1.42	140.7	21.1	–74.7
Johnson & Johnson	61	17	44⅜–20¾	36½	–16.1	2.17	201.4	18.7	–55.3
K mart	54	8	51⅛–15⅛	15⅝	–68.0	1.88	88.0	11.5	–82.5
Eli Lilly	46	11	92½–32⅝	54	–32.2	4.76	157.3	20.3	–58.9
Longs Drug Stores	49	9	42¾–15¼	25¾	–34.4	2.79	236.1	17.4	–60.6
Marion Labs	46	25	57¾–11⅛	24¾	–44.7	0.95	0.0	12.5	–65.2
Marriott	56	11	47 – 5¾	34⅜	6.6	3.21	483.6	22.7	–47.7
Masco	46	11	42¼– 9½	35¾	26.3	3.39	413.6	20.7	–32.2
McDonald's	85	9	77⅜–21¼	59½	–22.0	6.54	595.7	21.1	–59.0
Merck & Co	45	15	103 –46⅝	81	–9.1	5.36	169.3	23.6	–46.2
MGIC Investment*	83	13	97⅞– 6⅛	50	–47.8	4.02	211.6	17.8	–72.1
Minn Mng & Mfg	40	11	91⅝–43	54¾	–36.1	5.74	164.5	21.7	–61.6
Natl Semiconductor	49	19	51½– 4⅛	19⅛	153.0	1.01	381.0	18.1	14.6
NCH	55	7	52¾–12¾	15⅛	–65.2	2.08	136.4	17.8	–81.1
Natomas	61	5	45¾– 3⅞	21	132.3	4.23	2,921.4	28.0	–64.3
Perkin-Elmer	47	15	36⅜– 7⅝	26⅜	37.9	1.76	351.3	18.7	–27.6
Polaroid	90	11	149½–14⅛	19¾	–84.3	1.87	43.8	9.0	–91.1
Ponderosa System	69	8	86¼– 3⅝	12⅛	–85.3	1.45	3.6	4.0	–91.8
Rite Aid	64	10	42½– 1⅞	27¾	–23.7	2.78	308.8	20.4	–57.9
Schering-Plough	50	8	87⅝–24⅞	28¼	–58.8	3.31	129.9	20.8	–76.0
Schlumberger	49	12	87⅛– 6⅜	50⅛	320.6	4.00	1,500.0	35.4	133.7
Simplicity Pattern	53	19	58⅞– 6⅛	9¼	–82.8	0.50	–53.3	8.3	–87.6
Sony	54	13	26⅛– 3½	16½	5.7	1.23	296.8	24.7	–45.6
Standard Brands Paint	52	9	56¾–18⅝	24¼	–55.1	2.79	173.5	16.3	–34.3
Texas Instruments	46	15	150¾–58⅝	78⅞	–13.3	5.38	147.9	19.9	–53.8
Wal-Mart Stores	52	18	43⅞– 1⅞	39¼	355.1	2.14	1,088.9	26.2	138.2
Xerox	48	5	171⅞–37⅜	40¾	–72.7	7.08	124.1	18.1	–84.3

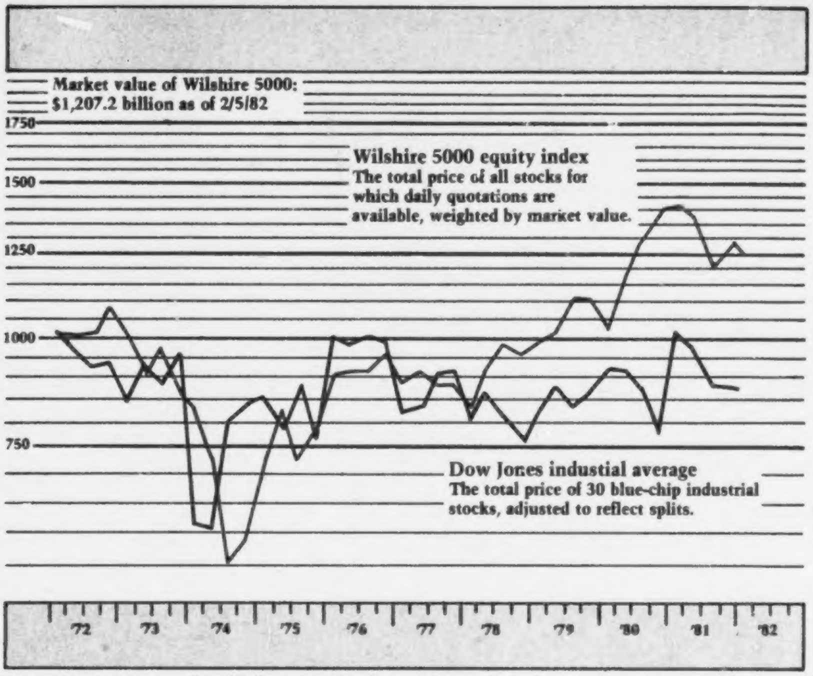
*Baldwin-United merger offer at $52 a share. d: deficit. NM: not meaningful.

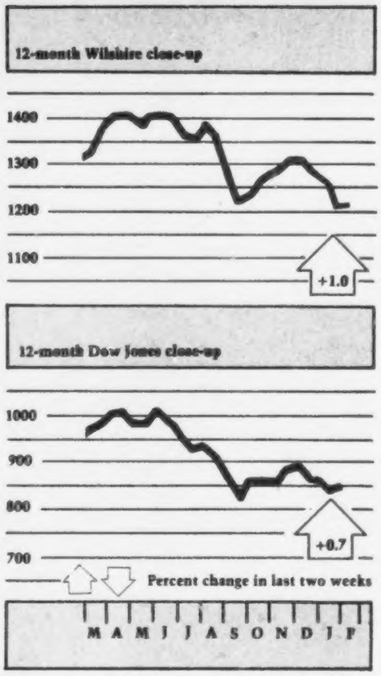
Source: Wilshire Associates

have fared well everywhere but in the stock market—in earnings, in return on equity, in growth. The accompanying table shows this clearly. Most of the decline has been in P/Es. Still, it was a costly lesson. How costly? Glance at the last column. It shows "real return," which asks the question: How did this investment do from 1972-73 to now if all dividends were reinvested and the whole adjusted for inflation? Answer, with a few exceptions: Terrible. A group that was touted as inflation-proof turned out to be nothing of the kind.

Why do we dredge up this ancient history? Because the moral, while a familiar one, is worth repeating: When "everybody" is certain of something, "everybody" is usually wrong. That's why the stock market is such a tricky game. Real success requires acting against the trend—easier said than done. Who, in 1972, would have dared bet that American management and technology would soon fall from its throne?

The Forbes/Wilshire 5000 Review





Sound and fury signifying confusion. The Wilshire index, up 1%, shows that the market ended the last two weeks only slightly ahead of where it started. But within those ten days of trading there were gale-force winds, first in one direction, then in another. The Dow tossed back and forth by as much as 44 points, and more than 65 million shares changed hands on two consecutive days. After the dust had settled, the Dow was up only 0.7%, but the rest of the New York Stock Exchange issues were stronger and the NYSE index gained 1.5% for the two weeks. While forecasters cannot agree on where the winds will shift next, the market does appear to be moving down a more volatile path.

Still, only the American Stock Exchange stocks failed to gain ground over the past two weeks. However, when compared with the 8.0% decline in ASE stocks during the previous two-week period, the 0.1% setback is a mere sun shower. This time around, gains made by many of the ASE nonenergy stocks reduced the downward pull of the oils. Our investor yardsticks tell an interesting tale. Over the last four weeks, buyers have pulled away from high-volatility and high-growth issues. And securities with P/Es greater than 25 backed off 15.3%. In contrast, the money is moving into stocks priced under $4 a share: These issues gained 10.6% in four weeks—a sign that some individuals are expecting a market rally and are placing their bets on the leverage in low-priced stocks.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	–3.0	–1.8	–2.3	–8.1	–2.0
in last 52 weeks	–9.9	–10.6	–9.4	–17.8	–4.9

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–2.2	–0.6	–3.4	–0.6	–0.5	–0.2	–1.7	–1.2	–2.7	1.7
in last 52 weeks	–2.0	9.6	–15.3	2.5	6.6	3.8	–0.6	4.0	–4.[illegible]	10.6

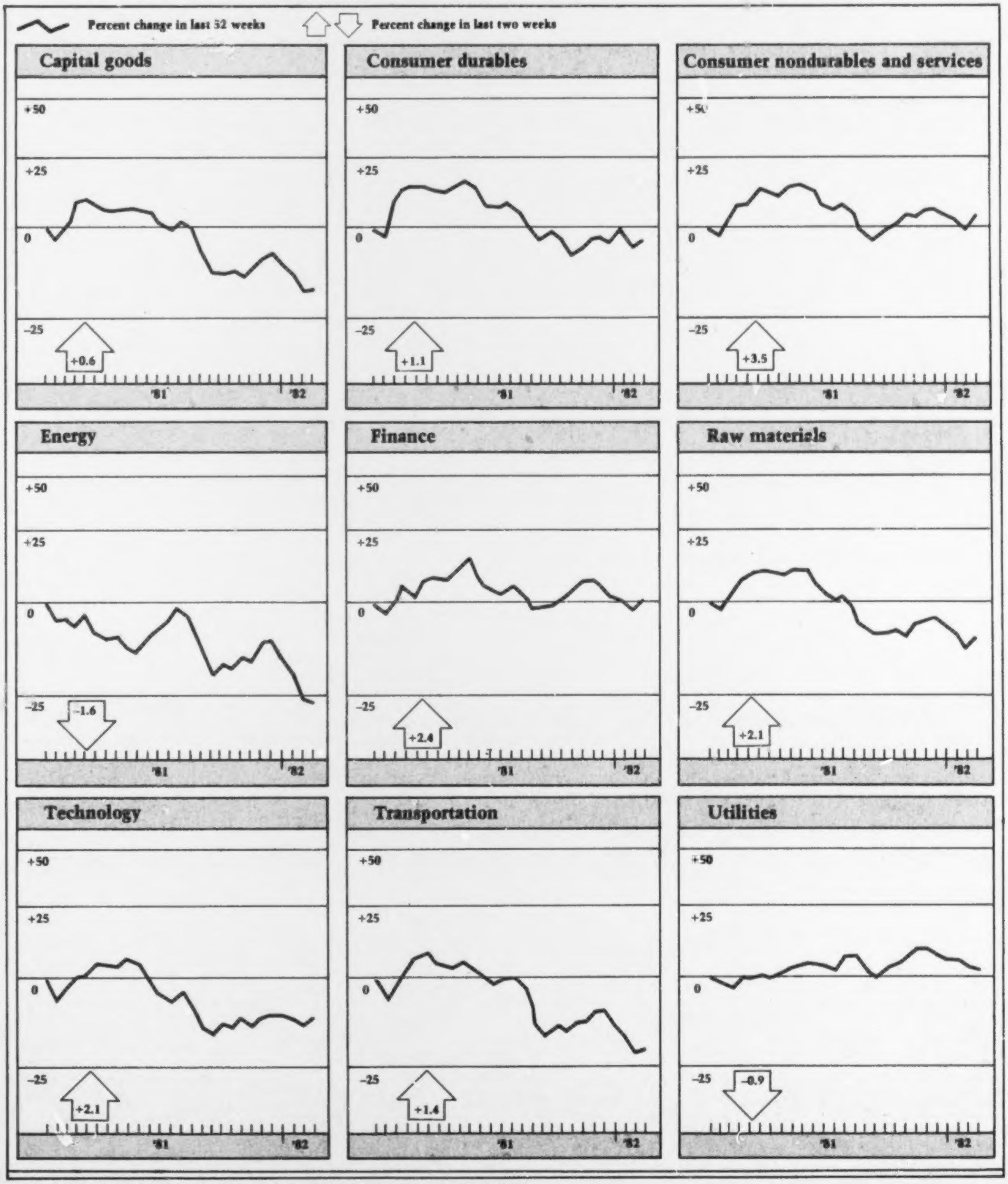
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/5/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Gains in the eye of the storm. Despite the recent market turbulence, six out of nine sectors managed to outperform the Wilshire. Only two groups—energy and utilities—were in the red. The energy stocks rallied in the first week but then collapsed as the decline in several big-capitalization oil issues weakened the market averages.

Consumer nondurables and services, up 3.5%, outperformed all other sectors over the last two weeks. Of the nearly 1,600 securities that make up this group, over 200 advanced 10% or more. Gains of 30% or better were registered by well-known firms, such as American Leisure, Brunswick, Mt. Vernon Mills and Winnebago Industries. Within this sector, several restaurant chains and high-technology firms also had respectable advances. Many of the big gains in these two industries came from stocks priced at less than $5 a share.



Note: All data for periods ending 2/5/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

Bankrupt corporations can sometimes pay back big returns. But don't consider investing if you are fainthearted.

Of risks and rat holes

By Steve Kichen and Anne Field

BUY SHARES IN A BANKRUPT company? Don't laugh. It can be a garden-variety contrarian strategy. The record indicates that many corporate failures become sound investments. Others, of course, are just the disasters you would expect. This Statistical Spotlight is about how to separate the worthwhile risks from the rat holes.

Many companies teeter on the brink of bankruptcy for years, and investing in any shaky organization carries a high measure of risk. But the greatest stock losses often occur shortly before a company goes bankrupt and right after the bad news is released. For example, one month before Food Fair filed for Chapter 11 it was selling for 4¾ a share. The day after filing it was down to 2⅞, a 39% decline. Last month, however, Supermarkets General agreed to acquire the reorganized firm at a price that should offer handsome profits to investors who timed their purchases.

Of course, many companies never return from the twilight zone of Chapter 11. Investments in some notable examples of the 1978-80 period—Capehart, Mansfield Tire and Tenna—were virtually wiped out. But Allied Supermarkets shows a 70% gain from the time it went bankrupt.

Note that the "near filing date" stock price carried in the table at right rarely represents the best buy. Many of these securities were available at even greater discounts while a plan of reorganization was being put together. Allied Supermarkets, for example, went as low as ⅛ in December 1978. An investment made then would show an impressive 750% gain today.

Keep in mind, however, that good financial information about bankrupt firms is often hard to find. There is a virtual veil of secrecy around a Chapter 11 as the principals and the courts try to work out a reorganization plan. Because of the difficulty in obtaining data and the inherently greater risks, many financial services and brokerage analysts eliminate bankrupt companies from their coverage.

Good information can often be elusive even before a company goes over the edge. Look at Itel: It was several months behind in reporting quarterly figures before it filed for bankruptcy in 1981. When the company finally released results, the statements seemed to reverse earlier data and showed massive losses.

Sometimes, too, a company can fall apart while the figures are telling a different story. White Motor, for example, finished 1979 with an unremarkable profit of 67 cents a share. But after three blood-drenched quarters in 1980 the company went bankrupt and has been forced to liquidate virtually all of its assets.

Now for the good news. Chapter 11 usually means radical surgery. Unprofitable operations go. So do expensive layers of corporate staff. Divestitures bring in cash, and creditor claims can get paid off at a level that leaves enough funds for survival. Often creditors agree to exchange IOUs for common stock in the reorganized company. The new stock can cause considerable dilution of ownership, but it's better to have a smaller piece of a revitalized firm than a larger chunk of a dead business.

Even with these risks, some investors find bankrupt firms alluring. Oppenheimer's Michael Esposito sees potential in Sambo's Restaurants, which went bankrupt in November. "They have operating locations and real estate through leases or owner-

Past

These firms filed for bankruptcy in the three years prior to 1981. Shares in most of them have slumped, but there are a few winners.

Company	Bankruptcy filing date	Stock price near filing	Stock price recent	Stock price % change
Allied Artists	4/4/79	1¾	¼	–86%
Allied Supermarkets	11/6/78	⅝	1¹/₁₆	70
Capehart	2/16/79	⅜	0	–100
City Stores	7/30/79	2¼	3½	56
Commonwealth Oil Refining	7/23/79	10¼	⅝	–94
EC Ernst	12/4/78	4	1¼	–69
Inforex[1]	10/24/79	1⅞	¼	–87
Interlee (FDI)[2]	12/4/78	7½	¾	–90
Lafayette Radio Electronics[1]	1/4/80	⅞	1¹/₁₆	21
Mansfield Tire & Rubber	10/2/79	¾	0	–100
National Shoes	12/12/80	1¾	2½	43
Pantry Pride (Food Fair)[2]	10/3/78	2⅞	4⅛	43
Penn-Dixie Industries	4/7/80	2⅜	1½	–37
Piedmont Industries	2/22/79	1¼	¼	–80
Richton Int	3/18/80	1¼	1½	20
Sam Solomon	8/21/80	3¾	1¼	–67
Tenna	12/5/79	1⅜	0	–100
Triton Gr (Chase Man M&R Tr)[2]	2/22/79	⅞	⁷/₁₆	–50
The Upson Co	6/25/80	1⅛	½	–56
West Chemical Products	1/22/79	4⅜	6½	49
White Motor	9/4/80	5⅜	¼	–95
Wilson Freight	7/23/80	2	¼	–88

[1] Acquired. [2] Former name.

ship," he says, "and the company could liquidate some of its stores for cash. The record on retail bankruptcies is that many are salvageable."

The low stock price of a bankrupt company, of course, offers considerable leverage if there is a turnaround. But since a restructuring can take years, timing is all-important. If you purchase 1,000 shares at $2 each just after a Chapter 11 filing, chances are good that the same money will get you more stock a few months later.

Bankrupt firms can recycle their losses in the form of tax-loss carryforwards—another factor that can make these stocks appealing. Penn Central got back on its feet largely by buying several profitable companies and sheltering their income stream. A more recent example is Triton Group, which has around $2 a share in tax-loss carryforwards.

Overcapacity, low productivity and cash-flow squeezes threaten a number of well-known U.S. companies. The table below identifies some of the most troubled firms. These companies are running at a loss, have debt-to-equity ratios greater than 0.86 and an apparent problem covering the currently due portion of total debt. These outfits also have low debt ratings from the leading financial services.

Shopping for bankruptcy candidates is hardly the stuff of normal investor optimism. Most of the firms that are afflicted never return to the land of the living. But a few do survive, and the table on the opposite page shows that in these fortunate circumstances bankruptcy becomes a bonanza for clever stock pickers. As Max Heine of Herzog Heine Geduld advises, "Never speak badly about the dead." ■

Present

These 23 companies have filed for bankruptcy since January 1981. Some won't make it through the year, but others could win big for investors.

Company/business	Bankruptcy filing date
Arctic Enterprises/recreational vehicles, apparel	2/17/81
Bobbie Brooks/apparel	1/15/82
Cooper-Jarrett/trucking	12/28/81
Dentalloy/metals, dental alloys	11/19/81
Dynamic Instrument Corp/electronic equipment	11/9/81
FSC Corp/asset management, refining	10/5/81
International Picture Show/motion picture distributors	12/23/81
Itel/financial services, equip leasing	1/19/81
Jartran/truck rentals	1/5/82
Leisure Time Products/recreational vehicles	11/12/81
Lewis Energy/oil & gas exploration	2/2/82
JW Mays/department stores	1/25/82
McLouth Steel/steel	12/8/81
Morton Shoe Cos/footwear	1/5/82
Oklahoma Gasohol/gasohol	11/23/81
Pathcom/electronic equipment	11/30/81
Prime Time Comm/publishing	10/28/81
Princeton Electronic Products/electronic equipment	5/1/81
Reading Industries/copper refining	9/8/81
Sambo's Restaurants/restaurants	11/27/81
Seatrain Lines/cargo	2/12/81
Stevcoknit/textiles	11/16/81
United Nesco Container/steel containers	12/31/81

Future?

These companies are on the corporate sick list. Note the "not meaningful" figures in columns six and seven. These abbreviations show up whenever cash flow is negative, which means money is going out faster than it is coming in. That makes it difficult to meet debt payments, and such failures typically trigger bankruptcy proceedings.

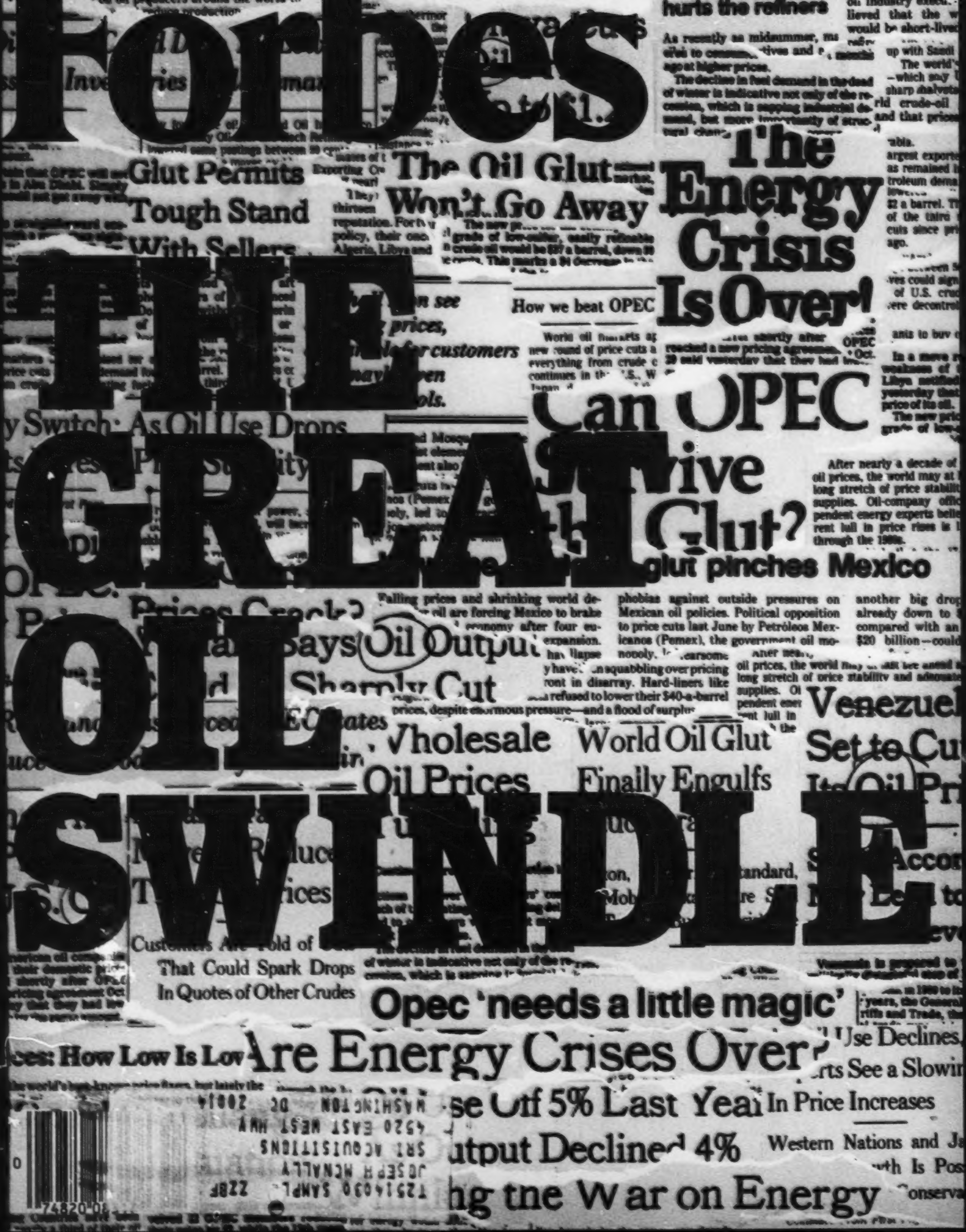
Company	Stock price recent	52-week range	Latest 12-month earnings total (millions)	per share	Debt/ equity	Debt/ cash flow	Current maturities*/ cash flow	Cash flow (millions)
AM International	3½	16⅞–3⅜	d $115.05	d $11.62	NM	NM	NM	d $68.24
American Motors	2⅝	4⅞–2⅜	d 119.57	d 2.40	0.86	NM	NM	d 150.27
Braniff International	2¼	5⅛–1⅞	d 162.94	d 8.15	NM	NM	NM	d 49.60
Chrysler	4¼	7⅝–3⅛	d 700.30	d 10.21	5.77	NM	NM	d 1,163.90
Continental Air Lines	3⅞	13 –3⅝	d 62.07	d 4.03	3.40	16.99	1.84	21.71
Fedders	3⅝	9¼–3⅜	d 7.35	d 0.66	2.64	NM	NM	d 25.12
Filmways	6⅜	9 –3⅜	d 64.08	d 10.74	4.55	NM	NM	d 62.47
Great Atlantic & Pacific Tea	4	6⅝–3½	d 32.87	d 0.88	0.91	12.70	0.53	27.35
International Harvester	7⅝	24⅜–6¼	d 657.80	d 20.44	1.39	NA	NA	NA
Kroehler Manufacturing	8⅛	10⅜–4¾	d 8.29	d 6.43	0.44	NM	NM	d 7.63
LLC	2½	5¼–2⅛	d 4.84	d 1.60	5.05	NM	NM	d 3.66
Mobile Home Industries	2¼	5 –2¼	d 1.42	d 0.32	2.31	NM	144.00	nil
National Homes	2⅜	4⅝–2	d 5.92	d 0.87	2.36	NM	NM	d 4.48
Pan Am World Airways	2¾	6 –2½	11.45	0.16	1.37	4.67	0.25	320.68
Robintech	3⅛	7⅝–3	d 3.86	d 1.77	1.25	410.75	193.71	0.07
United Merchants/Manufacturers	4⅛	6⅜–3½	d 0.81	d 0.13	5.52	32.93	2.87	8.33
Vendo	2⅞	3⅞–1¾	d 10.17	d 3.86	1.00	NM	NM	d 15.33
Western Air Lines	5	11⅞–4⅝	d 71.80	d 5.51	2.36	54.68	3.63	8.52
World Airways	4½	10½–3⅝	d 8.49	d 0.86	4.36	NM	NM	d 9.32
Wurlitzer	4⅞	11¾–4⅜	d 5.07	d 2.84	0.98	NM	NM	d 4.98

*Long-term debt due in one year. d: deficit. NA: not available. NM: not meaningful. nil: negligible.

Source: S&P's Compustat

Forbes

THE GREAT OIL SWINDLE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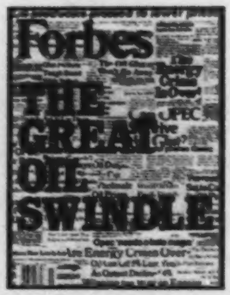

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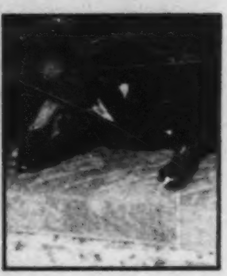

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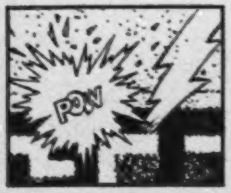

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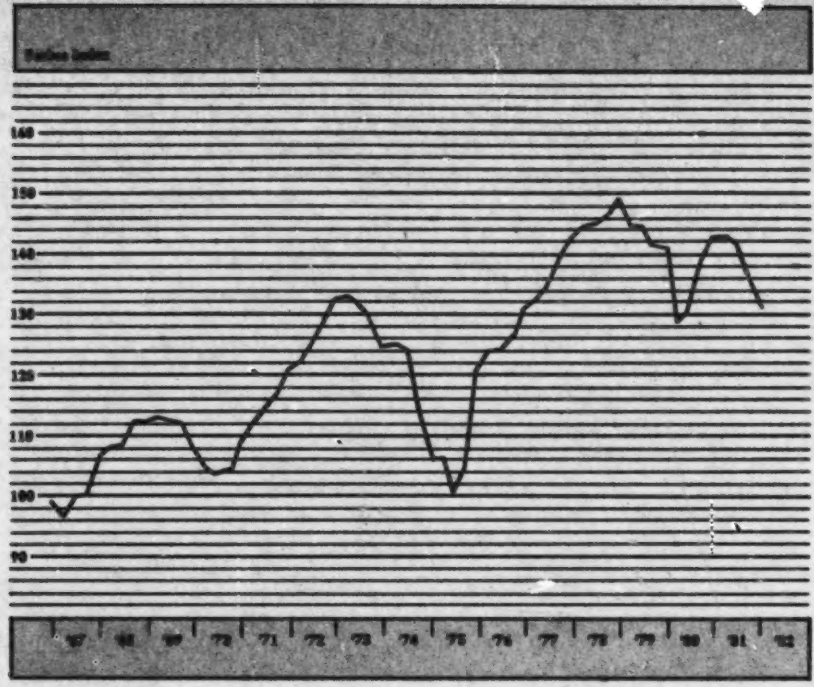
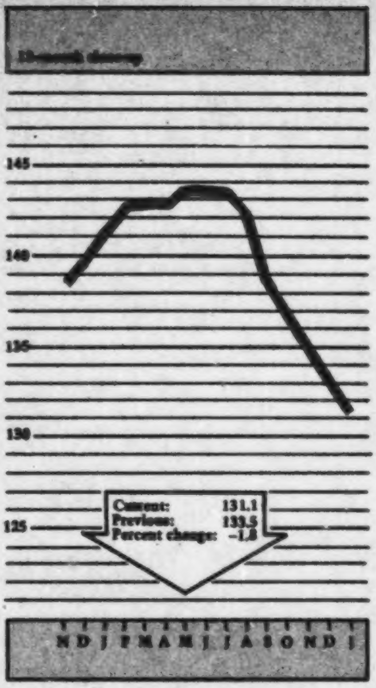




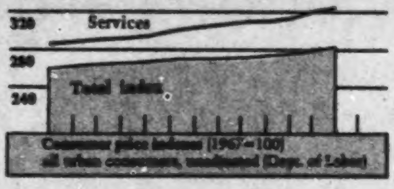
Dark and deep. The Forbes Index has once again taken a turn for the worse. Industrial production dropped 3%. That is the largest monthly decline since the end of 1974, when the economy was also wracked by a severe recession. Housing starts took an even heavier pounding, crashing 21% to the lowest point ever recorded by the Index.

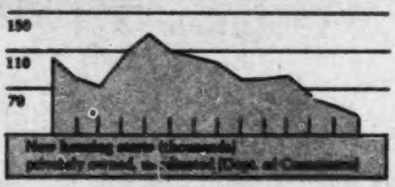
On the consumer front, retail sales fell 1.1%, while personal income rose a meager 0.2%. That means individuals have yet to become the driving force behind a recovery. Most economists, however, expect consumers to begin fueling the anticipated advance after July 1. Two things could trigger a spending turnaround then: The second stage of the Administration's tax cut goes into effect, and Social Security payouts will rise.

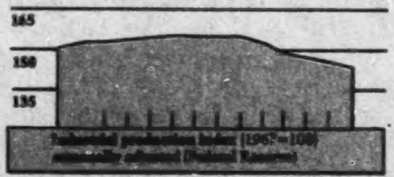
The Forbes Index Components

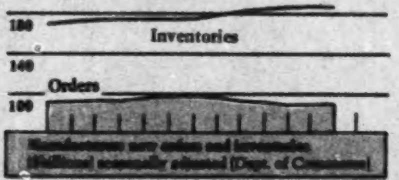
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

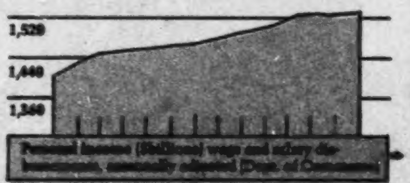
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

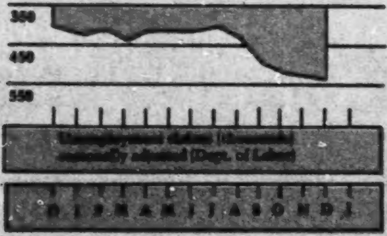


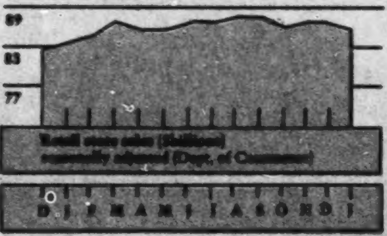


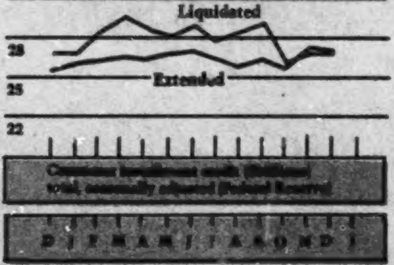












Business booms for corporate raiders. But don't rush judgment. Victor Posner and Saul Steinberg are ecologically useful.

In defense of sharks

By Richard L. Stern with Laura Saunders

ANGELO ARENA WILL DO just about anything to get away from Carl Icahn. Arena runs Marshall Field & Co., the Chicago retailer, and Icahn is an aggressive New York broker who heads a group that owns about 20% of Field's stock. At the moment Arena is so anxious about his fate in case Icahn tries a takeover that he is scrambling to line up a white knight merger with someone else—anyone else, even Carter Hawley Hale, the California chain Arena fought off so vigorously back in 1977.

Icahn, a 46-year-old, up-from-the-streets New Yorker, is using scare tactics pioneered by the likes of Harry Weinberg and Victor Posner: Don't associate with establishment investment bankers and law firms, build a reputation as a tough-minded liquidator, buy into companies trading below book value—and wait for the payoff. Most spectacularly, it comes in the form of an above-market buy-back: Companies will sometimes pay a hefty premium to boot a modern-day Visigoth off their stockholder rolls.

Such shenanigans used to be unusual—but not today. The same slumping stock market that makes it attractive for Mobil to drill for oil on Wall Street encourages Icahn and his ilk. Statistics prepared by a Wall Street investment banking firm show the trend in its starkest terms. In 1981 there were 30 buy-backs at a premium, a record number. Since January 1980, corporations have paid $200 million more than market prices to acquire their own shares from would-be raiders—a ransom package that is adding to the ranks of corporate highwaymen.

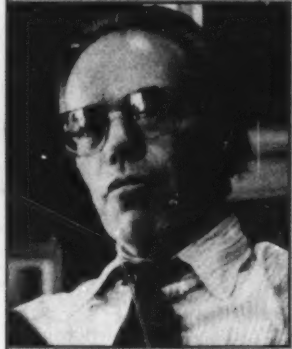
These days, in fact, trading on a bad name might be a sound investment strategy. Victor Posner, for example, operates out of a Miami high-rise and plays the black knight role to perfection. In 1979, UV Industries liquidated in hopes of avoiding his clutches, and aides say he earned $80 million last year on $200 million in stock sales.

Then there's Charles Bluhdorn's Gulf & Western Industries, the conglomerate nicknamed Engulf & Devour in a Mel Brooks movie. Bluhdorn made $35 million on stock sales in 1981, including two fat bon voyage bonuses: Collins & Aikman paid G&W a $1.8 million premium over market to go away; Cluett, Peabody anted up $1.2 million. G&W's earnings on these two investments, however, was probably far greater. A stock usually goes up when word gets out that a raider is on the scene, so a buy-back only adds to his profits.

A successful corporate predator does lots of homework. Posner, for example, reportedly considers accounting footnotes light reading. His targets—like those of his fellow travelers—are typically companies with stock trading well below book value. That means there is little downside risk and considerable upside potential. "These guys are able to capitalize on the fact that the stock market has been very inefficient in its pricing mechanism for the last 14 years," points out William Chatlos, a public relations man who is frequently involved in corporate duels.

A smart corporate predator also brings along a bag of tricks to do what the market won't: move a stock up. Look at a lawsuit filed by U.S. Industries against Clabir Corp. and its President Henry Clarke, a recent entrant in the raiding game. USI alleges that Connecticut-based Clabir is repeating the game it had played when it began buying General Host stock at just over ful corporate raiders. In 1981 alone, companies in which they had acquired major minority positions paid wonder the nasty art of making trouble is becoming a growth business on Wall Street.

Investor (Acquiring company)	Target company	% shares acquired	Buy-back agreement date	Buy-back agreement share price	Buy-back agreement premium	Bon voyage bonus
Charles Bluhdorn (Gulf & Western Industries)	**Cannon Mills**	4.0%	8/17/76	$22.00	26.6%	$1,678,000
	West Point-Pepperell	6.2	8/15/79	41.00	9.3	1,050,000
	Robertshaw Controls	10.4	11/13/80	24.00	21.5	1,729,000
	Collins & Aikman	10.4	4/28/81	12.00	14.3	1,881,000
	Cluett, Peabody	10.4	11/10/81	16.50	25.7	1,229,000
Carl Icahn (Icahn & Co)	**Saxon**	9.9	2/7/80	10.50	33.3	2,013,000
	Hammermill	11.8	7/6/81	36.00	12.9	4,737,000
Victor Posner (Sharon Steel, NVF and others)	**Kaufman & Broad**	5.3	12/11/78	10.00	33.0	2,089,000
	Lane Inc	6.7	6/3/80	27.50	10.0	402,000
	Foremost/McKesson	9.3	5/4/81	42.00	7.3	4,600,000
Saul Steinberg (Reliance Group)	**Lomas & Nettleton**	25.0	10/6/78	17.75	30.3	6,961,000
	Penn Central	7.9	2/11/80	26.24	6.0	2,726,000
	Federal Paper Board	24.4	6/4/81	40.00	14.3	9,275,000


Charles Bluhdorn

Carl Icahn

Victor Posner

Saul Steinberg

$9 per share. "By means of a carefully sequenced program of purchases, press releases and SEC filings," says the complaint, "Clabir was able to manipulate and lead the market in General Host stock, thereby boosting the General Host stock price over a three-month period by approximately 50%." The payoff came in June 1980, when General Host was selling at nearly 18. The company bought out Clabir and a group of investors for $4 million over market.

That, of course, was only the tip of Clabir's profits on its General Host venture. But it isn't doing as well with USI. Clabir reportedly is heavily margined, and USI's stock price has gone down instead of up since the acquisitions began. In another recent bad-guy blunder, G&W reportedly lost money on its position in Salant Corp.

Still, one rarely hears of a predator missing his mark. The head of a corporation that paid a bye-bye bonus to Posner admits he had been warned by his investment bankers that he was a likely target. His company had a lot of cash and its stock was selling below book. Posner phoned, he says, and politely informed him that he had filed a 13(d) with the SEC—the form that indicates a holding of 5% or more in a public company. The executive was glad to get out whole. "I would not choose that mode of life," he explains, "but Mr. Posner is a certain kind of American success story. The law says what he's doing isn't illegal. He's part of the system."

And a part that flourishes in today's market. Despite their financial successes, few of the more famous predators actually attempt takeovers. Nobody remembers when Saul Steinberg acquired a business outside the scope of his Reliance Group. Still, he has gone after stocks as diverse as the New York Times and Filmways.

Icahn, a newer entrant, challenged Tappan in 1979 and then forced a white knight merger with Electrolux AB. Thus bloodied, he walked away with bon voyage bonuses in later forays against Hammermill and Saxon. "Build an image of a shark," suggests one Wall Street veteran. "They rarely attack humans, but when you are in the water and you spot a fin, you get out of the water."

Low stock prices, of course, are a major reason for so many real takeover attempts. The market makes it cheaper to raid than build from the ground up. Consider the case of Icahn and Marshall Field. The company has a good name and valuable real estate in Chicago and elsewhere, but its shares are selling at half of their estimated true value. Why? Management has been asleep at the cash register. In 1982 Field earnings will barely match their decade-ago levels.

Time perhaps for a jolt from outside. That's why it is naive to think of the Icahns, Posners and Steinbergs as always bad and the corporate executives they duel as always good. Just the fear of a raider's bid has awakened more than one complacent executive. A little boardroom paranoia can be as beneficial for stockholders as a quick price jump after news leaks out that a corporate raider is in the wings.

On Wall Street, as in nature, predators are natural and essential to a healthy balance of power. In today's down market the bad guys are out in force. Until there are fewer bargains to be had, they will probably keep winning. ■

devaluation of the peso are clear enough. Whether the benefits will last may depend on "minidevaluations" to come.

Why mañana came early

By Howard Rudnitsky

THE SURPRISING THING about Mexico's devaluation of the peso last month was the timing of the move, not its size. Since the last big devaluation of the Mexican peso—40% in 1976—Mexico's inflation rate seemed moderate only in comparison with other Latin countries. By the hard, remorseless standards of world money managers, the trend was insupportable.

Consider these numbers:

Year	Mexican CPI*	U.S. CPI*
1977	28.9%	6.5%
1978	17.5	7.7
1979	18.2	11.3
1980	26.3	13.5
1981	30.0 est.	10.4

*Year-end to year-end change.

But over the same period, armed with increasing oil revenues, Mexican authorities had allowed the peso to weaken only slightly—from just under 20 pesos to the dollar in 1976 to about 26 to the dollar as 1981 ended. Through the first weeks of 1982, you could tell by the hordes of customers from south of the border flocking into Houston, Miami and southern California, snapping up appliances, clothes and real estate, that a major devaluation was universally expected.

The conventional wisdom was that, as a helpful gesture toward an incoming president—Miguel de la Madrid Hurtado takes office in December—outgoing President José López Portillo would face up to the inevitable and devalue the peso sharply in, say, July and thereby give the new president a fresh start in dealing with the country's overheated economy. But events were moving too swiftly. As 1982 began, the outflow of pesos from Mexico was running at over $100 million per day by some estimates. Despite its sizable oil revenues, Mexico's current account balance wound up $11 billion in the red in 1981. At the rate the economy was going, it was likely to reach a $15 billion deficit through 1982. The need for decisive action became a matter of *hoy*, not *mañana*. On Feb. 18 the government devalued the peso by 28%.

Shop window in a Houston mall
No longer worth the trip?

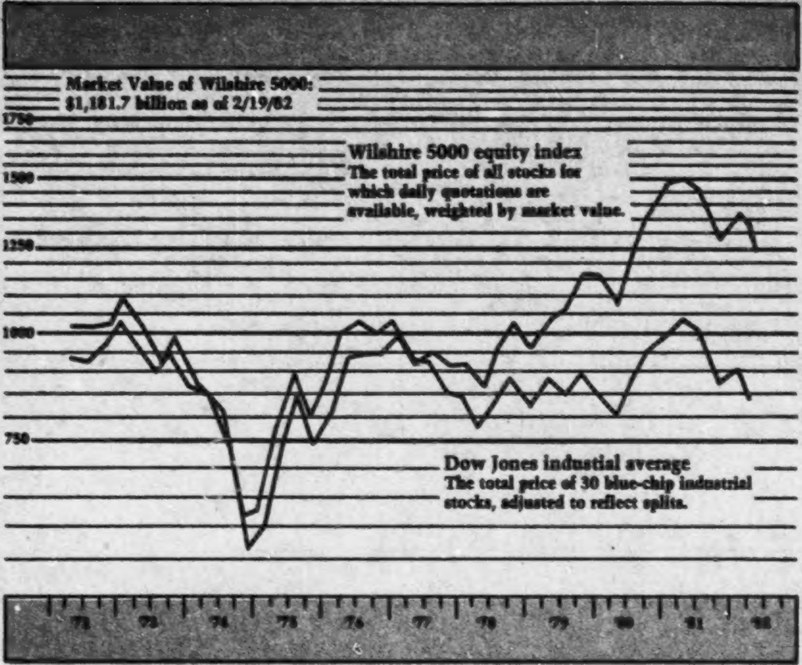
Mexico City's depressed stock market—the 43% decline in the Bolsa average last year was the worst of any sizable stock exchange in the world—reacted to the shock with a leap of joy. On the day news of the devaluation got out, after one of the most hectic trading sessions in memory, the Bolsa average rose over 25%. It has retreated since, but prices following the devaluation were generally holding well

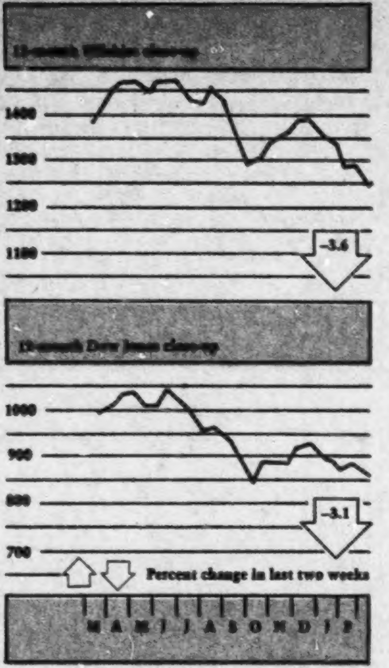
ool o economy, including cuts in public spending and postponed wage increases. Thus far, investor reaction has been positive. José Luis Gomez Pimienta, president of the Mexico Fund, the biggest mutual fund specializing in Mexican securities (assets: about $64 million after devaluation), figures that investors will need time to sort things out. When they do, he says, they will come to realize that, despite the rising oil glut and worldwide recession, Mexico's growth prospects, even reduced, are still better than most other nations'. "There's more to the Mexican economy than just oil," he says. "It accounts for less than 10% of our GNP. As long as they aren't overburdened with heavy dollar debts—and despite a few widely publicized problem companies like Grupo Industrial Alfa, most haven't such heavy dollar debts—many Mexican companies should continue to grow well in excess of inflation rates. Mexican stocks today are very cheap by any measure."

In agreement is John Rhoads, a former Bache & Co. securities analyst who came to Mexico in 1964 and stayed to form his own brokerage firm. Immediately after the devaluation, Rhoads flew to New York to sell institutional investors on the idea that, with the long anticipated devaluation out of the way, there is now a strong likelihood of a period of relative monetary stability. But Rhoads has one important reservation. "This devaluation was a one-shot catch-up," he says. The longer-term beneficial effects of the devaluation, he thinks, will hinge on the Mexican government's resolve to curb spending and adhere to a formula of monthly "minidevaluations" indefinitely.

Here's how he thinks these "minidevaluations" would probably work. "Each month the Mexican government will take the difference between the annualized inflation rates [at home and in the U.S.]. Say, for example, it's 8% in the U.S. and 44% in Mexico, so that's 36%. Divide that by 12 months, and the monthly minidevaluation rate is 3%." As long as Mexico's government doesn't yield to the temptation to fudge or ignore the differences each month, Rhoads believes there will be less worry about another flight of capital. It would go a long way toward ensuring that new capital would come into Mexico—permanent capital the country urgently needs to grow. ■

The Forbes Wilshire 5000 Review





Coming down again. So far 1982 has not been a good year for Wall Street. The Wilshire index shows that securities gave up over $89 billion in market capitalization since the year started. And the downward trend continues: Another $25 billion in capitalization disappeared during the last two weeks.

The NYSE and NASDAQ indexes lost between 3 and 4 percentage points over the two-week period, but the decline was even worse on the Amex. It dropped 5.6%. In fact, over the past 52 weeks the Amex has been hit much harder than the other exchanges: Amex stocks are off a hefty 18.4%. The largest percentage loser on the Amex was Data Access Systems, down 84% over the last year. The big damage, however, came from 52-week declines of more than 50% in large-capitalization U.S. and Canadian energy stocks such as Anglo Energy, Felmont Oil, Husky Oil, MCO Resources, Mitchell Energy & Development, Ranger Oil and Sundance Oil.

Look at what the market-focus figures show has happened to the high P/E stocks over the last year. They have dropped 16.4%, substantially more than other market-focus groups. This is a clear indication that investors are having second thoughts about paying large premiums on the expectations of future earnings. There is too much uncertainty over tomorrow's economy.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones Industrials	NYSE Composite	AMEX Market Value Index	NASDAQ Composite
In last 4 weeks	-1.6	-2.5	-2.0	-3.7	-3.8
In last 52 weeks	-10.2	-11.9	-9.6	-18.4	-6.0

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
In last 4 weeks	-2.5	-0.6	-4.3	-1.9	-0.9	-1.3	-3.5	-1.8	-2.2	-1.2
In last 52 weeks	-3.8	9.2	-16.4	1.8	6.1	2.1	-1.9	2.9	-5.9	7.2

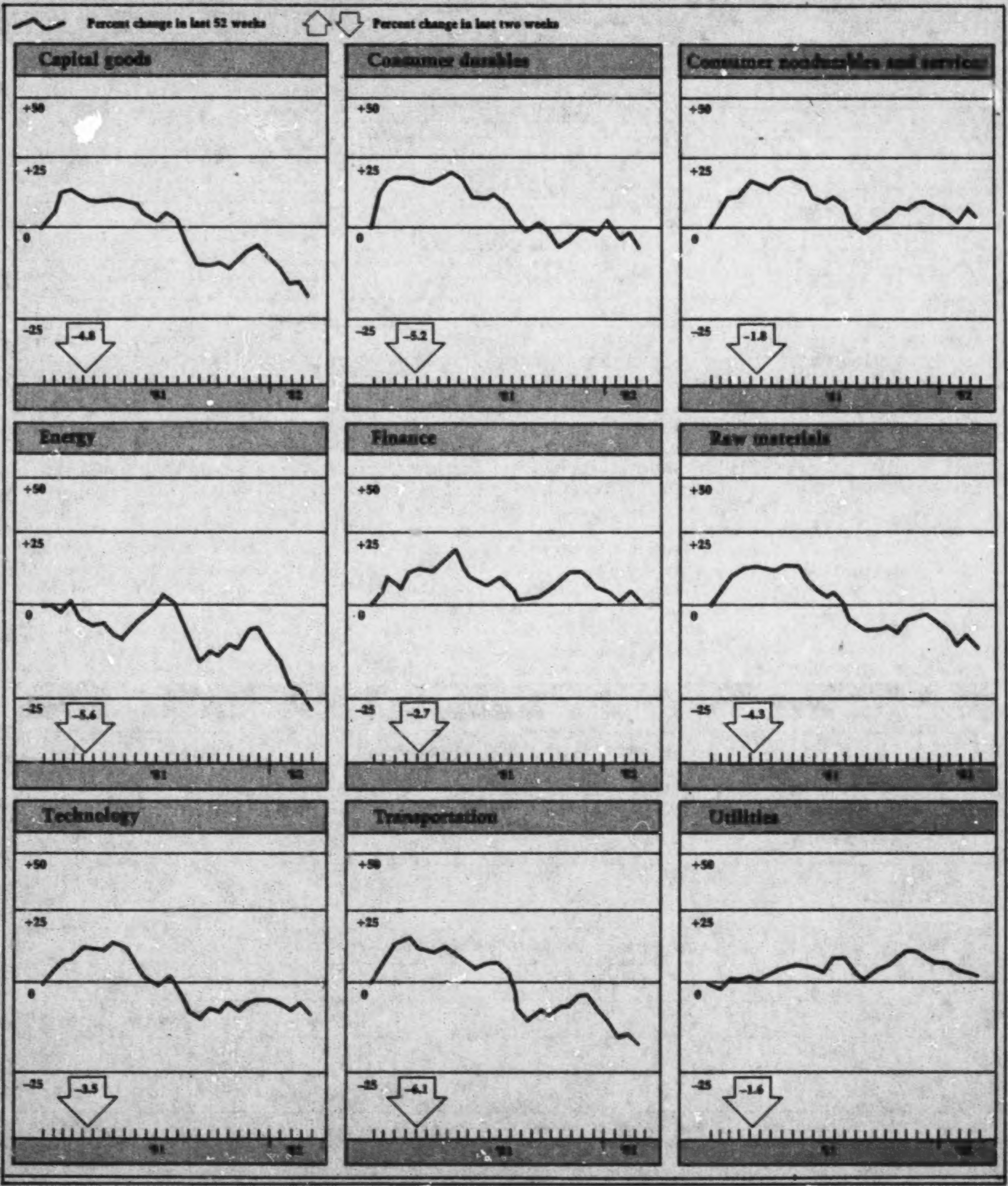
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/19/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Bad news everywhere. All nine sectors show a two-week decline, but transportation stocks, in a 6.1% tailspin, were hit the hardest. With the fall of Freddie Laker and a continuing stream of negative earnings reports, investors are fast losing faith in the air transport industry.

The energy sector, with a 5.6% downward move, continues to probe for new depths. Price cuts within and outside of OPEC will put more pressure on earnings of energy firms. Consumer durables, close behind in the losers' column, were off 5.2%. The "just around the corner" rebound expected from Detroit continues to stay at least one block ahead of reality. Capital goods registered a 4.8% setback—reflecting the effect that economic woes are having on corporate plans to retool for the future. In the midst of all this gloom, the best relative showing came from utilities, which posted only a 1.6% decline.



Note: All data for periods ending 2/5/82. Prepared by Wilshire Associates, Santa Monica, Calif.

The list of loaded laggards we ran in July 1980 is up an average of 56%. That good news sent us scurrying back to the computer to crank out a fresh batch of potential bargains.

The lovely uglies

By Steve Kichen and Paul Bornstein

IF CUTE-LOOKING HIGHFLYERS have your investment portfolio in the doldrums, perhaps it's time to change partners. Look, instead, at some of the securities that sit quietly on the sidelines. Many can pay handsome rewards with some careful courting and a little patience.

No, we are not starting a dating service for ailing handbag or auto equipment manufacturers. We have found, however, that the prettiest investments aren't always the best. Regularly we scan the market for companies that trade well below book value but seem otherwise reasonably healthy. We call these wallflowers loaded laggards, and the list we published July 21, 1980 shows how they can live up to that name.

None of these companies, of course, had what it took to make Kidder, Peabody's list of Nifty Fifty high P/E stocks. But look at the performance of the two groups. Since June 1980 our 25 not-so-nifty companies posted gains that average 56%, while the superstars managed to move up 28%. Not only did our underdogs outshine Wall Street's bathing beauties, they also put the market averages to shame. During the same period the S&P's 500 were up 13%, the Dow was down 3% and the Wilshire 5000, a measure of total market performance, was up a mere 3%.

The adjacent table shows how our 1980 laggards have fared. The star was Oxford Industries, which shot up by some 223%. Two other sleeping beauties were Fabri-Centers of America and House of Fabrics, both up nearly 170%. Patient investors in Cunningham Drug Stores gained 103% when this drug chain was bought by CD Holding at $18 a share. And early in 1981 Pamida, which restructured into a closed-end investment firm, PMD Investment Co., offered to buy back all of its outstanding stock at $6 a share, an 85% markup over the June 1980 price.

These gains sent us scurrying back to our computer, and on page 152 there is a list of 50 depressed companies that may also be candidates for strong rebounds. We eliminated stocks selling for less than $1 per

Loaded laggards of 1980, revisited

If you invested $1,000 in each of the 25 stocks in the loaded laggards table FORBES printed in July 1980, your portfolio would now be worth over $39,000. That's a 56% return in about 18 months.

Company/principal business	Price June 1980	Recent price	% change
Adams Drug/retail	3⅜	4⅜	30%
American Motors/automotive	5⅜	2¾	–49
Bobbie Brooks[1]/apparel	3⅛	1⅞	–40
Ceco/construction equipment	13¾	16⅝	21
Cluett, Peabody/apparel	8⅝	15¼	77
Cunningham Drug Stores[2]/retail	8⅞	18	103
Fabri-Centers of America/textiles	5	13⅜	168
First Wisconsin/bank holding	23¼	27¾	19
Hart Schaffner & Marx/apparel	12⅜	18½	49
Helene Curtis Industries/cosmetics	6¾	13	93
House of Fabrics/textiles	4⅜	11¾	169
Jewelcor/retail	3⅝	3⅞	7
Magic Chef/home appliances	6½	8¼	27
McNeil Corp/industrial equipment	13¾	13⅝	–1
Munsingwear/apparel	14	14½	4
Outboard Marine/recreation	10⅜	19⅝	89
Oxford Industries/apparel	9⅝	31⅛	223
Pamida[3]/retail	3¼	6	85
Phillips-Van Heusen/apparel	11⅝	15¼	31
Questor/auto, recreation products	5½	9	64
Salant/apparel	5¾	9½	65
Sheller-Globe/auto parts	5⅝	12⅜	120
Springs Mills/textiles	15	24¼	62
Triangle Industries/metal fabricating	8⅝	11⅞	38
Wurlitzer/musical instruments	7⅝	4⅜	–43

[1] Firm filed Chapter 11. [2] Acquired by CD Holding at $18 a share. [3] Company sold assets and changed name to PMD Investment; offered $6 a share for all shares.

share, but our screening covered the New York and American Exchanges as well as the over-the-counter market. As in most compilations of investment bargains, there is a liberal sprinkling of textile and apparel firms. Several are repeats from previous lists. But there are also some surprising newcomers: A number of electronics firms now pop up on our computer printouts.

Many of the companies in the table are struggling or are in troubled industries, but they all have several points in their favor. For starters, these securities are selling well below book value. Look at the leader, Liberty Fabrics of New York. For every dollar you plunk down for Liberty shares, you pick up $2.70 in book-value assets.

Our second criterion is important too. Each of these firms had to be profitable and selling at a low price-to-earnings multiple. In the case of Liberty, for example, that figure is a bargain-basement 3.5. Only a few new loaded laggards are priced near the overall market multiple of just over 7. In fact, 60% of the securities are selling at less than 5 times earnings.

Each of the companies on our current list also shows at least a 10% return on net worth. This level of profitability may not equal recent rates of inflation and, if this trend continues, won't allow a company to finance growth out of current earnings. Still, if a firm can earn a minimum of 10% in this deepening recession, this seems like an acceptable base on which to build when the economy improves.

All the companies on our list aren't standing still either. Consider Cyclops, a Pittsburgh-based specialty steelmaker. It sells at 3.6 times earnings and at a book-to-price ratio of 2.24. While Cyclops' operations are focused on specialty steel, it has been getting rid of its less-profitable units and expanding into oil and gas production. It has estimated natural gas reserves of 25 billion cubic feet. Other laggards in unusual industries include Altair, a manufacturer of industrial equipment, and Kewaunee Scientific Equipment, a manufacturer of laboratory equipment and furniture.

Unless the market rewrites the book on investment strategy, our new group of undervalued securities contains several stocks that are likely to win big over the next five years. At the moment, many of the issues are selling at or near their two-year lows. For example, C&R Clothiers, a California-based retail clothing chain, is down 74% and Glenmore Distilleries down 53% from their recent peaks. In all likelihood, the group also

Q. Which insurance broker takes risk out of risk management?

A. Rollins Burdick Hunter.

ROLLINS BURDICK
HUNTER

Taking Risk Out Of Risk Management
Worldwide

Statistical Spotlight

contains one or more candidates for acquisition, leveraged buyouts or share repurchases.

Beauty, they say, is in the eyes of the beholder. So why not embrace an overlooked textile or apparel company? Keep one thing in mind, however, before you tear out this list and dash off to your stockbroker. Play the field. One of the four losers on our last list was apparel maker Bobbie Brooks, which recently filed for bankruptcy. When the market drives a multiple down to ridiculous levels it can be a warning that earnings are drying up and that the firm is about to shift into the red. That's why there's virtue in diversity. ■

Loaded laggards of 1982

With Wall Street in the doldrums, this is an ideal time to shop for bargains. The 50 stocks listed here are ranked in terms of the dollars of book value every investment dollar buys. These companies are all earning at least 10% on net worth, and 60% trade at a price/earnings multiple of less than 5—well below the market multiple.

Company/principal business	Book value/ price	Recent price	Price range 1980-present	Latest 12 months		Working capital per share	Return on net worth	Indicated yield
				EPS	P/E			
Liberty Fabrics of NY/textiles	2.70	8½	11⅞– 4⅜	$2.41	3.5	$10.25	10.4%	—
C&R Clothiers/retail	2.60	1¼	4⅞– 1¼	0.43	2.9	1.68	13.1	—
Hampton Inds/apparel	2.26	5⅛	7⅝– 3⅛	1.34	3.8	7.92	11.5	—
Cyclops/steel	2.24	22⅝	39 –18¾	6.21	3.6	22.86	12.2	6.0%
Weldotron Corp/industrial machinery	2.08	3¾	5 – 1⅜	0.78	4.8	5.86	10.0	—
Rose's Stores/retail	2.07	17¾	20¼–11¼	3.81	4.7	26.72	10.3	4.5
Ceco/construction equipment	2.01	16⅝	24⅜–12¼	4.08	4.1	19.93	12.1	5.8
Century Papers/paper products	1.96	5	5¼– 2¼	1.33	3.8	6.73	13.5	—
Weisfields/retail	1.96	12½	16½–10	2.73	4.6	13.67	11.1	6.4
First Wisconsin/bank holding	1.88	27¾	35⅞–19½	6.65	4.2	59.31	12.7	7.2
Canrad-Hanovia/electrical equipment	1.87	2⅝	4 – 1	0.80	3.3	5.74	16.3	—
Glenmore Distilleries/distilling	1.87	16¼	34½–15½	3.23	5.0	20.31	10.5	6.2
Adams Drug/retail	1.85	4⅜	6¾– 2¾	0.81	5.4	4.95	10.0	0.9
Michigan Sugar/food processing	1.79	14¾	32⅛– 7¼	3.77	3.9	17.18	14.2	8.3
Noel Industries/apparel	1.78	3⅝	6⅞– 1⅝	1.12	3.2	4.12	17.3	—
Altair/industrial equip	1.77	4¾	8½– 3⅛	1.60	3.0	6.53	18.9	—
Ronco/household prods	1.77	3⅝	5¾– 2¼	1.34	2.7	6.40	20.8	—
Gordon Jewelry/retail	1.74	13	21 –11⅜	3.02	4.3	16.55	13.3	4.3
Littlefield, Adams/apparel	1.70	4⅝	8¼– 3	1.18	3.9	4.67	14.9	6.9
Commercial Metals/metal proc	1.69	14	26 –13	2.52	5.6	16.62	10.6	3.1
Movie Star/apparel	1.67	12⅝	13⅝– 9	2.42	5.2	15.22	11.4	4.8
Spang Industries/electronics	1.67	10	13 – 8¼	1.99	5.0	12.11	11.8	3.6
Jaclyn/handbags	1.66	5⅛	6½– 4	1.04	4.9	7.29	12.1	7.8
Hastings Mfg/auto equipment	1.65	12⅞	13⅞– 8¼	2.66	4.8	16.77	12.5	5.0
Fab Industries/textiles	1.60	12¼	16⅛– 8	3.03	4.0	16.13	15.4	4.1
Blue Bell/apparel	1.57	21⅜	37⅞–20½	3.45	6.2	21.87	10.2	8.4
Frank Paxton/forest products	1.56	29	30 –22	5.86	4.9	30.70	12.9	5.1
Varo/electronic equip	1.56	6¾	15½– 6⅝	1.32	5.1	7.20	12.4	5.9
Kewaunee Scientific Equip/lab equip	1.55	11½	12¼– 5¼	1.74	6.6	12.52	11.5	5.4
North Amer Philips/electronics	1.53	34	59⅝–23½	7.67	4.4	36.23	14.7	5.0
Olla Industries/handbags	1.53	12½	15 – 7¾	2.05	6.1	16.30	10.6	3.2
Coast Mfg/luggage	1.50	2½	5⅛– 2½	0.52	4.8	2.80	13.8	—
Esquire Radio & Electron/electronics	1.50	20¾	24¾–10⅞	4.76	4.4	31.45	15.2	3.2
Baker Brothers/climate-control equip	1.44	7⅝	9¼– 4¾	1.12	6.8	9.07	10.1	3.1
Intercontl Dynamics/aerospace	1.43	5¼	11½– 4	1.20	4.4	6.31	15.9	1.9
Cluett, Peabody/apparel	1.41	15¼	16¾– 7¼	2.25	6.8	16.97	10.4	5.0
Allen Organ/musical instr	1.38	20	20½–12⅝	3.76	5.3	21.96	13.5	2.8
Armatron Intl/electronics	1.38	4⅜	5⅛– 2⅜	0.45	9.7	4.75	17.1	—
Kennington/apparel	1.38	8	13⅜– 7¼	1.91	4.2	10.39	17.2	—
Central Maine Power/elec utility	1.36	12⅜	14⅞–10⅞	2.13	5.8	177.20	12.6	14.5
Kiddie Products/infant products	1.34	15½	20½– 7¾	2.62	5.9	17.50	12.5	—
Russ Togs/apparel	1.33	12⅞	16⅛– 9	2.86	4.5	14.82	16.6	7.8
Tonka/toys	1.33	25½	34¾– 7⅝	4.38	5.8	38.60	13.2	1.6
GI Export/exports vehicles	1.30	3⅜	5¾– 1⅞	0.66	5.1	4.33	15.0	—
Pat Fashions Industries*/apparel	1.25	18	18⅞– 5⅛	4.94	3.6	20.02	21.8	0.8
Barton Brands/distilling	1.19	10½	12½– 7	3.11	3.4	11.05	24.8	11.9
Aceto Chemical/spec chemicals	1.15	15¾	16½–10⅝	2.66	5.9	15.91	14.5	—
Palm Beach/apparel	1.13	15⅛	29⅜–13	4.64	3.3	16.02	26.9	7.9
Weyenberg Shoe Mfg/footwear	1.12	27½	29 –14½	3.83	7.2	31.45	12.3	4.2
Dynascan/electronics	1.11	6¾	11⅛– 2½	0.91	7.4	7.55	12.1	—

*Company is considering sale of assets and reorganizing into an investment firm.

Source: Standard & Poor's

Want to miss out on some juicy takeovers while earning a nice low return? Then try writing options.

A LOSING GAME

By John Train

Every year or so in this space I deplore certain investment houses' practice of getting their customers involved in options-writing programs. Why don't I abandon the subject? Because many brokers are still pushing these programs. They intimate to their prospects that selling options is intrinsically a moneymaking strategy and that such programs can return 15% or more on the investor's capital with little risk.

In practice, though, by far the largest part of all investors who attempt this scheme end up lowering their return rather than raising it. After all, ultimately they are trading against each other; both sides can't gain, although the broker does.

Many practical studies have shown that selling options is not an intrinsically superior strategy, even though a few skillful managers will produce exceptional performance in specific cases.

Five mutual funds were started in 1977 to sell options. All are managed by skilled, professional firms. Since such firms, for obvious reasons, give their publicly reported funds their best efforts, these performances should be representative of the top of the likely range of options-selling results.

And how did they do? Here are the results for calendar 1981. As usual I am indebted to Thomas Noddings, a Chicago investment adviser, for these calculations. Although interest rates, and thus opportunity cost, were high during the year, the average annual rate of return from the beginning was little changed by the results of operations in 1981. It is 6.5% for all the funds, *vs.* an average annual return of 6.1% at the end of 1980. Far from being a satisfactory way of generating a 15% income, options-writing turns out to generate little more income than a conventional passbook savings account and barely half the return of such obvious alternative vehicles as Treasury bills or money funds.

Starting date	Fund	Original issue price*	Net asset value†	Cash distributions	Adjusted net asset value**	Total return††
4/77	**Colonial Option Income**	$12.50	$9.67	$6.36	$16.03	28.2%
6/77	**Federated Option Income**	15.00	12.43	5.45	17.88	19.2
6/77	**Kemper Option Income**	15.00	12.56	7.31	19.87	32.5
10/77	**Oppenheimer Opt'Income**	25.00	23.22	9.91	33.13	32.5
6/77	**Putnam Option Income**	15.00	12.62	7.36	19.98	33.2
	Average total return					29.1%
	Average annual return					6.5%

*Includes 8.5% load charge. †As of 12/31/81. **Net asset value plus cash distributions equal adjusted net asset value. ††On original issue price over 4½ years.

Target company	Acquiring company	Target company before offer	Share price offered	Premium paid over preoffer price
Mallinckrodt	Avon	$40	$50*	20%
Dean Witter	Sears	26	50	92
Coldwell, Banker	Sears	23	42	83
Hobart	Dart-Kraft	19	40	111
Conoco	Du Pont	50	88	76
Shearson Loeb Rhoades	American Express	33	62	88
Bache Group	Prudential Ins	20	32	60
Beckman Instruments	SmithKline	28	50*	79
Compugraphic	Agfa-Gevaert	11	14*	27
Memorex	Burroughs	10	14	40
Marathon Oil	US Steel	68	104*	53
St. Joe Minerals	Fluor	27	51	89
Kennecott	Sohio	26	62	138
Average Premium Paid				74%

*Acquisition not yet completed.

Source: David L. Babson & Co., Inc., Boston.

Last year I pointed out that a hidden penalty of the options-selling programs is opportunity cost.

Investors should be especially careful of this risk during a time of corporate takeovers at high premiums over market values.

The second table shows some of the premiums at which takeovers were consummated in 1981. A good way to deal yourself out of such profits is to sell options on your holdings of underpriced companies.

It might all be worthwhile if you really could expect a very high yield from the options program between takeovers; but as you can see from the first table, even these most conspicuous accounts of the options manager—which undoubtedly received their very best attention—have been unable to produce interesting results. One reason is the commissions involved in these programs. According to an SEC study, commissions often eat up to 20% or more of the equity in an active options-selling portfolio every year.

Options selling, a broker's dream, is often an investor's nightmare. ■

John Train is president of Train, Smith, Investment Counsel, New York, and the author of The Money Masters *and* Dance of the Money Bees.

MARCH 29, 1982 TWO DOLLARS AND FIFTY CENTS

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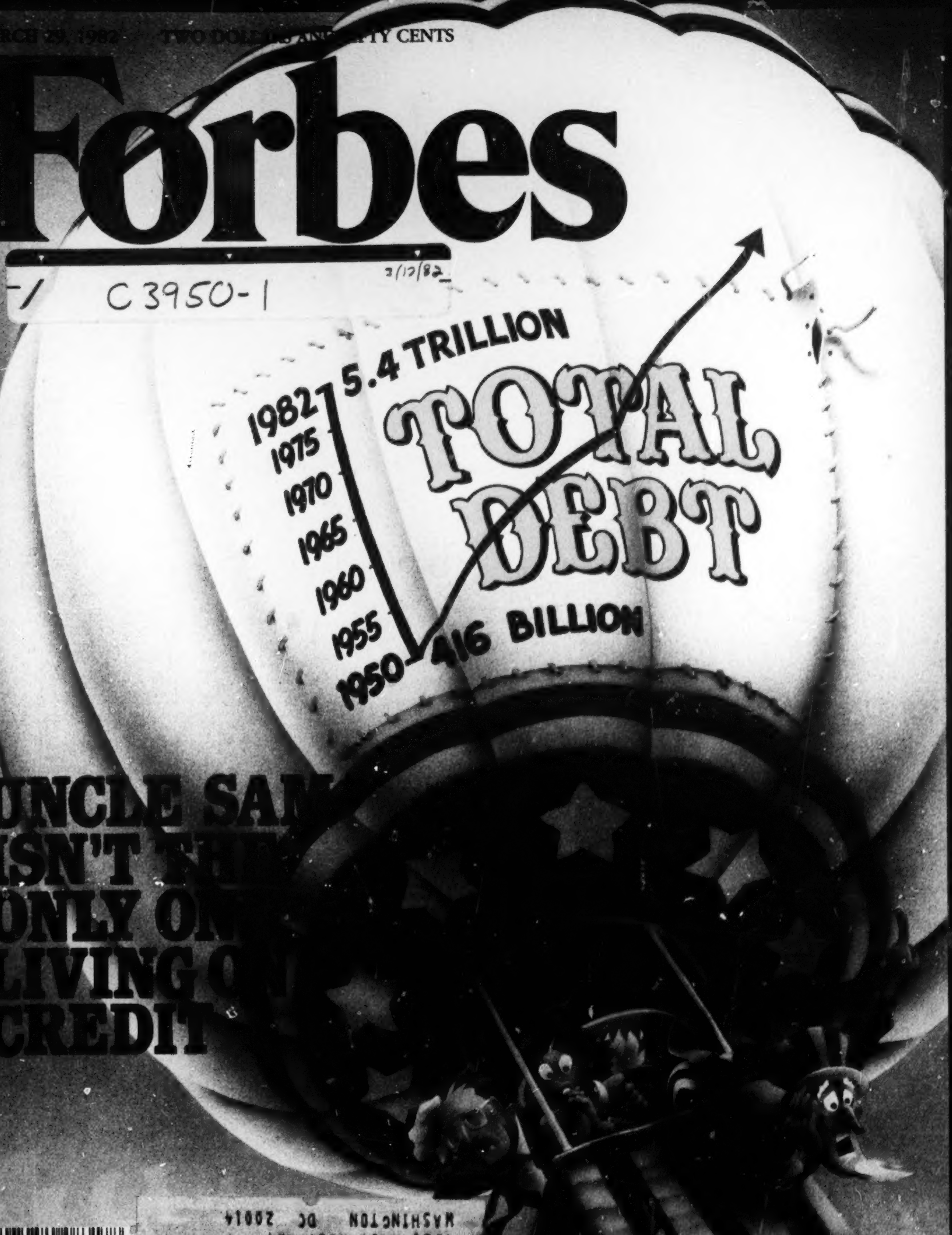
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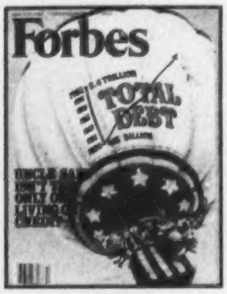
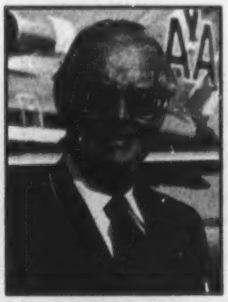


99 Cover Story: The unpalatable truth about high interest rates: Congress must do something it does not want to do.



33 American Airlines: Why has its stock been strong in a weak market? For several good reasons.

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33 Companies:
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"It's a miracle we're still close friends," says Chairman Albert Casey of his brother John, who heads archrival Braniff International. If you're looking for the eventual winner between the Casey brothers, put your money on Albert.

34 Wall Street:
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They're hard to find. But we found some.

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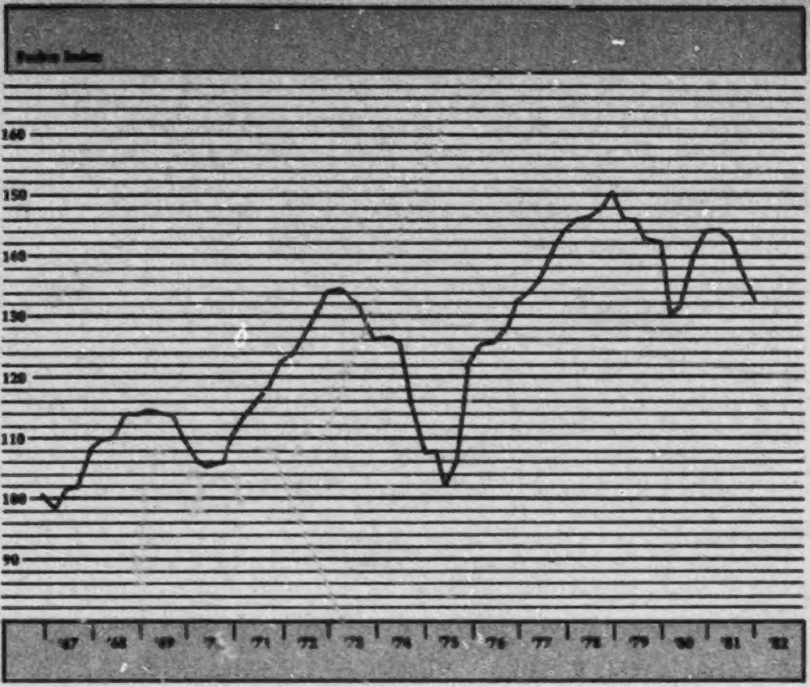
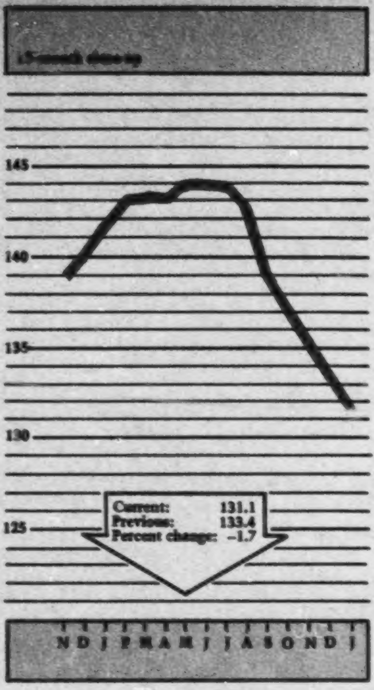
The Forbes Index





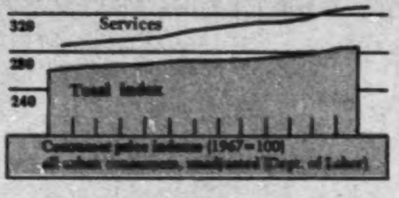
Going down. The Forbes Index is still sinking. And once again, the bad news involves unemployment claims, which increased another 3.1% during the latest reporting period. But high unemployment is only part of the story. Also on the downside were manufacturers' new orders, off by 1.7%.

There are some bright spots, however. One is the Consumer Price Index, which increased by only 0.4% in January. That translates to an annual inflation rate of 4.8%. Another is inventories, which fell by 0.4%. Declining inventories could, of course, indicate that the ongoing recession is nearing its bottom. On the other hand, the bottom may already be past.

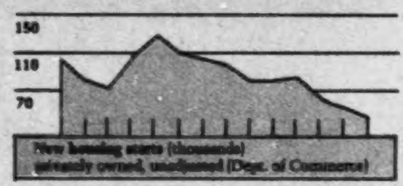
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

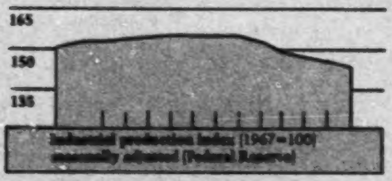
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



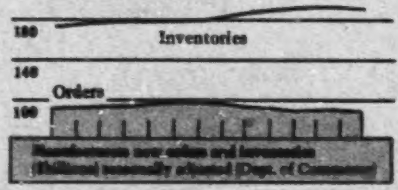
Consumer price indexes (1967=100) all urban consumers, unadjusted (Dept. of Labor)



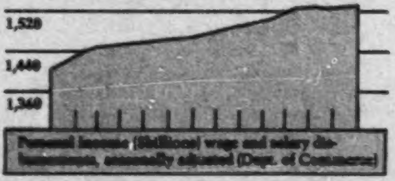
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



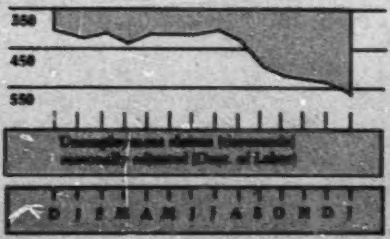
Industrial production index (1967=100) seasonally adjusted (Federal Reserve)



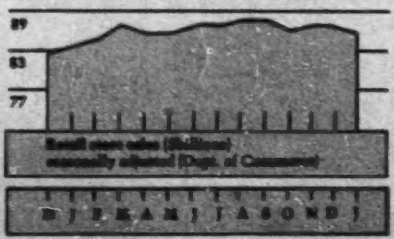
Manufacturers new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



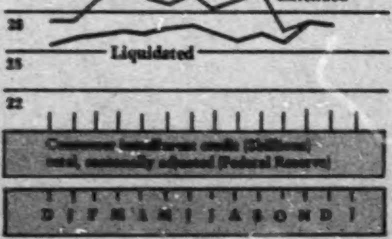
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Here's the unpalatable truth about high interest rates: Even with no budget deficit we are never going to keep rates down unless Congress does something about the tax deductibility of interest.

Do you sincerely . . .

By William Baldwin

IS IT ANY WONDER that banks are sometimes the only tenants able to afford rents in fashionable commercial neighborhoods? That fad-following businessmen are trampling one another to get into "financial services"? Gross interest payments are flowing through the economy at a rate approaching $900 billion a year—about $4,000 per year for each American man, woman and child. That's interest, mind you, not debt. It's an increase of 200% since 1976. Interest payments, in short, have risen more than twice as fast as the gross national product.

Numbers like these have lost the power to shock in a society that has come to equate indebtedness with shrewdness, thrift and liquidity with senility. It's clear, however, that the tide is turning. The tremendous burden of debt service is taking a growing toll in bankruptcies, savings-and-loan failures, dividend omissions and continued declines in housing prices.

Meanwhile, the financial markets have all but caved in. Equally bad, the sums are so enormous as to obliterate the profit and loss signals on which economic efficiency depends. K mart, for example, is paying out half of its operating income (after depreciation) in interest costs. Its profits are determined as much by the vagaries of the money market as by the quality of its merchandising. A large chunk of the airline industry is in danger of collapsing under the weight of interest costs *(see chart, p. 106)*. Building-supplies companies like Jim Walter and Wickes are paying out almost all their operating profit to bankers and bondholders. Old leaders like International Harvester and AM International survive only by the sufferance of their lenders. In 1950 the average corporation had $43 of operating income after depreciation to meet each dollar of interest payments; today's figure is less than $4. Liquid assets are down to 24% of short-term liabilities, half of what they were in the 1950s. Aggravating the liquidity problem is the faster maturity of debt: The ratio of short-term to long-term debt on corporate balance sheets has climbed from 40% in the 1950s to 70% today.

The debt-service overhang extends well beyond the corporate world. In the early 1950s, 4% of farm operating income after depreciation went to pay interest. By 1980 the figure had shot up to 44%. Interest on the $700 billion of Treasury securities held outside the federal government will cost $68 billion this year, accounting for 9% of the budget and two-thirds of the deficit. Debt service now eats up 21% of consumers' disposable personal income—seemingly a saturation level, since consumers are cutting back on big-ticket items like cars. That's one reason for the recession.

This year, predicts economist and former vice chairman James O'Leary of U.S. Trust Co. of New York, domestic borrowers will come to the credit markets for $536 billion in new money—over and above funds supplied by retirement of old debt. If this huge borrowing were for productive invest-

People are confused. They think that inflation is bad. But as they come to understand that you can't have both cheap credit under present conditions and stable prices, they wonder if the cure isn't worse than the fever.

ment, it might be a sign of health. Alas, most of the money will go either to finance unproductive consumption by individuals and by government or to pay interest on existing debt. Credit market debt now totals $5 trillion.

The big credit hog will continue to be the U.S. Treasury, busy financing a fiscal 1982 deficit the Reagan Administration projects at $118 billion, including off-budget items. Last year it soaked up $16.3 billion of the scarce supply of long-term financing, leaving room for only $12.5 billion in conventional long-term corporate bonds.

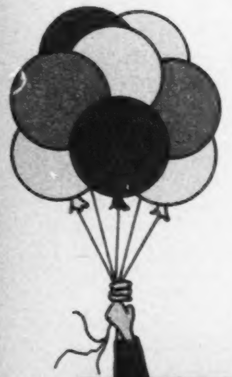
Many a business, meanwhile, suffering from declining sales, is forced to borrow short-term to finance swollen inventories. "With debt at a high percentage of GNP, and tight money, you have to keep borrowing," says economist Raymond Dalio of Bridgewater Associates. "You never get the falloff in interest rates." General Motors was barely in the black last year, so to finance new equipment it had to double long-term debt to $4 billion. That meant $2 billion less that was available for individuals to finance cars.

The economy is now at a perverse turning point. It's in recession—but without the abatement of interest rates that is supposed to come with recession. It's going through disinflation, with all the discomfort that brings to debtors—without enjoying a corresponding drop in the inflation premium built into interest rates. As a result, "real" (inflation-adjusted) interest rates are sky-high, about 10% on a home mortgage or 8% on a long-term corporate bond.

Real rates that high haven't been seen before in this century. How did we get in this fix?

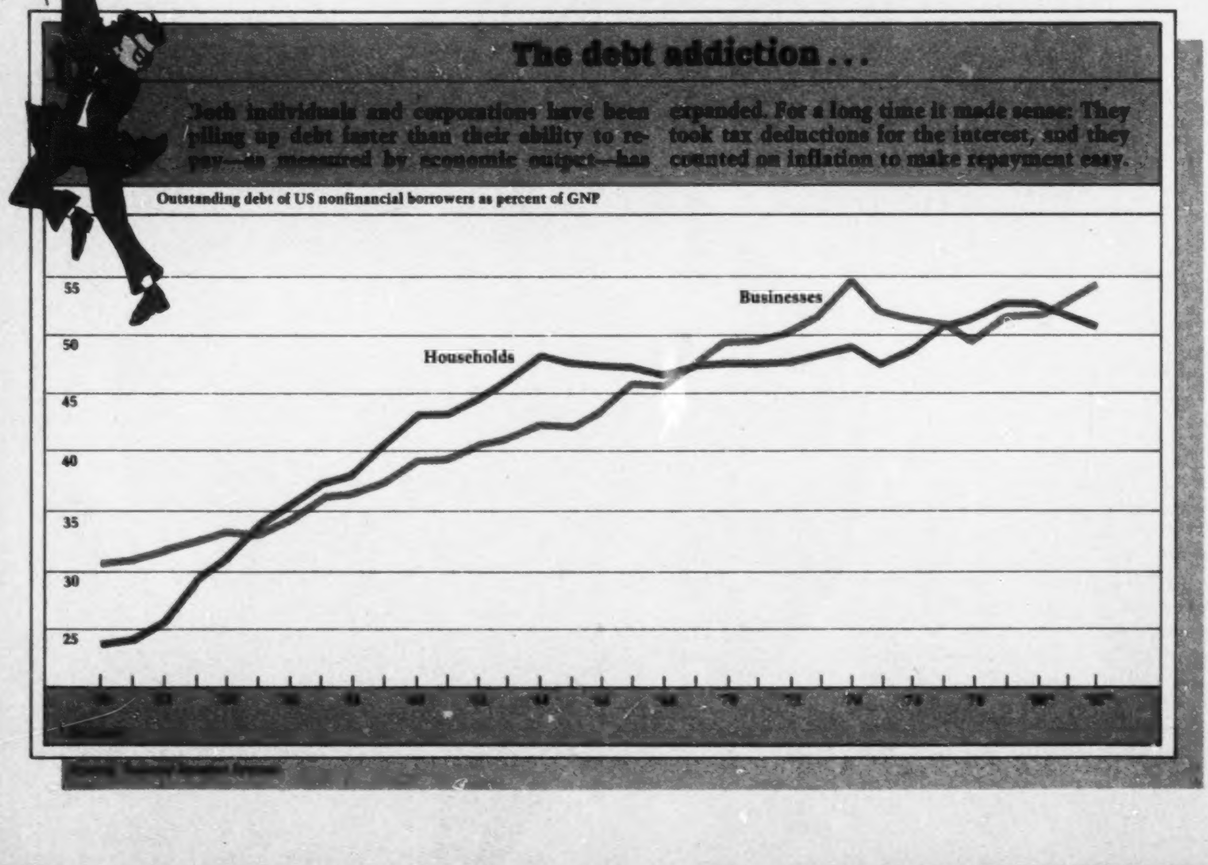
Ill-informed people or politicians with axes to grind can blame the Federal Reserve, "Reaganomics" or "faceless" bankers. In fact, neither governments nor businesses have much freedom of action. The demand for credit exceeds the supply at any reasonable price. It's as simple as that. Printing money would alleviate the credit situation but at the expense of sending inflation soaring. (How does a 25% inflation rate sound? Or 35%?). So, don't blame Paul Volcker. He only inherited the mess.

How did the economy become so debt-happy? The situation is both a product of inflation and a contributing cause. America's debtor mentality said that high interest isn't so bad: Inflation will bail you out, and in the meantime you can write the interest off on your tax return. Farmers who bought land in the 1950s and 1960s enjoyed an untaxed gain that ran well



The debt addiction . . .

Both individuals and corporations have been piling up debt faster than their ability to repay—as measured by economic output—has expanded. For a long time it made sense: They took tax deductions for the interest, and they counted on inflation to make repayment easy.



ahead of the general inflation rate built into their mortgages. The same asset game is at work in any good real estate tax shelter: High interest, offset by a largely untaxed capital gain in later years, is the magic that makes the shelter so attractive during an inflationary period. Average Americans played the game by bidding up the price of homes.

Corporations did too. Even with the recent runup in real rates, K mart is financing its inventory at negative cost. It pays 14% on its commercial paper, or about 7% after taxes. The goods on the shelf appreciate at the current inflation rate of 8%. K mart isn't taxed on its inventory gains because it's on last-in-first-out accounting. Bottom line: A real aftertax interest rate of minus 1%.

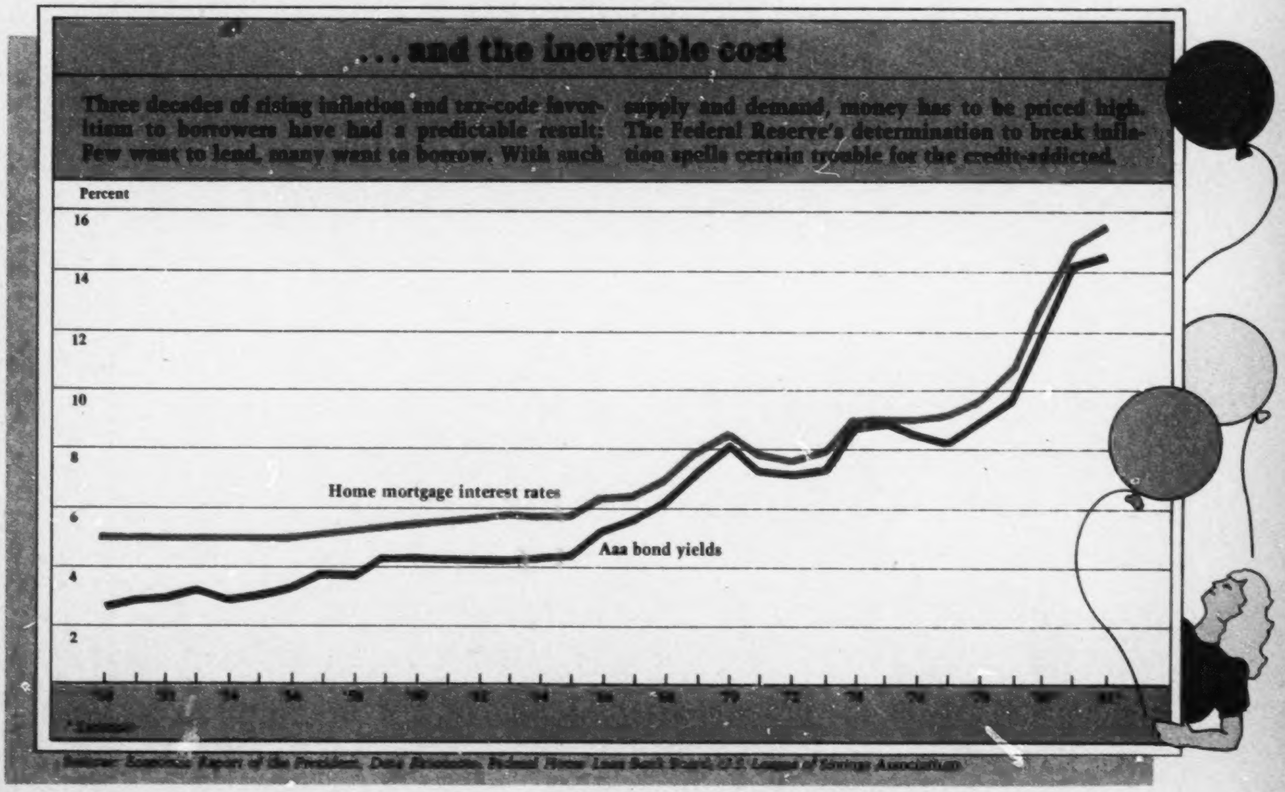
Don't blame corporations for loading up on debt. As Harvard economics Professor Benjamin Friedman says, "There is a bias in the tax code against equity financing." Returns to equity are taxed twice: once at the corporate rate of about 50% (including state taxes) and again as dividends on shareholder returns. Returns to debt are taxed once, since interest is deductible on the corporate return. Teledyne, Metromedia and IC Industries know this well. They have all borrowed money and used the proceeds to retire common stock, thereby boosting earnings per share. Tax deductions on $3 billion in new debt are also helping to pay for U.S. Steel's fling in the oil patch. With speculators like U.S. Steel bidding up the price of existing assets, credit becomes an expensive commodity for the rest of us.

Besides the federal government, two kinds of debtors are at the head of the line today: those who do so to make essentially speculative investments; and those who must borrow—at any cost—to meet payrolls. At the tail end are borrowers for new, productive purposes; they simply can't earn enough to make borrowing worthwhile at these rates.

Arthur Michael Jr., 53, a Pennsylvania entrepreneur, falls into the latter category. Prospective customers of his seven-year-old warehouse construction firm can't afford to finance new buildings. At the same time the few jobs he gets tie up working capital that has to be borrowed at the prime rate. A year ago he and his partner dug their way deeper into the same hole in buying out a John Deere distributor. They speculated on a turnaround in farm profits that didn't come.

Mickey Carawan, 41, a shrimp fisherman in Texas, is caught in the same bind. He lives in Aransas Pass, a tranquil harbor town near Corpus Christi where the parking meters still take pennies but the money rates are tied inexorably to Wall Street. Five years ago he and a partner made a big plunge, buying a $240,000, 80-foot gulf shrimper. In 1980 he was forced to buy the partner out, and refinancing the boat turned a fixed-rate, 10% mortgage into a floating-rate loan that has since soared as high as 18½%. Meanwhile, Mexican fishing fleets, running on cheap diesel oil, have dumped their catch on the American market. Last year Carawan lost $32,000 after making $58,000 in boat payments.

For Carawan, capitalism means 14-hour days with 10- and 20-day stretches at sea. Why did he do it? "It's so peaceful and quiet out there," he says wistfully, standing beside a collection of nets that took in 70,000 pounds of shrimp tails last year. "You're your own boss." His wife, Frances, a bookkeeper, has another explanation: equity. She thought he would sell the boat after a few years and retire to a less demanding business. He doesn't have that option now. "Never in a million years would you buy a boat now," she says, "unless you had the cash, and then you'd be better off putting it in a money market."



. . . and the inevitable cost

Three decades of rising inflation and tax-code favoritism to borrowers have had a predictable result: Few want to lend, many want to borrow. With such supply and demand, money has to be priced high. The Federal Reserve's determination to break inflation spells certain trouble for the credit-addicted.

Sources: Economic Report of the President; Data Resources; Federal Home Loan Bank Board; U.S. League of Savings Associations

Aren't IRAs providing a gush of new savings? Not when taxpayers engage in arbitrage. "Last year I went out and borrowed $1,500 to put in my IRA," says a tax expert. "Not only did I get the exclusion but I could deduct the interest."

For Robert Bush, a 40-year-old former computer engineer who went into the industrial waste disposal business in 1980, the battle is certainly over. Poor marketing and a weak industrial economy around his Grove City, Ohio base hurt the business, he says, but the last straw was a $40,000 annual interest expense. The bank sold off his trucks in November. "Now they're coming to take the house," he says. Entrepreneurs can't expect Paul Volcker to protect them from the construction cycle or cheap imports or poor salesmanship. But these vicissitudes become all the more perilous against a backdrop of high interest costs.

And so the nation's, indeed the world's, 30-year fling with rising inflation is ending in a painful squeeze. People are confused. They think that inflation is bad and should be brought to a halt. But as they gradually come to understand that you can't have both cheap credit under present conditions and stable prices, they wonder if the cure isn't worse than the fever. It's not a new story. A century ago farmers formed the Greenback Party to fight gold-backed currency. They wanted the debtors' relief that comes, for a while at least, with a depreciating currency, *i.e.*, inflation. Today the inflation banner is carried by the housing industry.

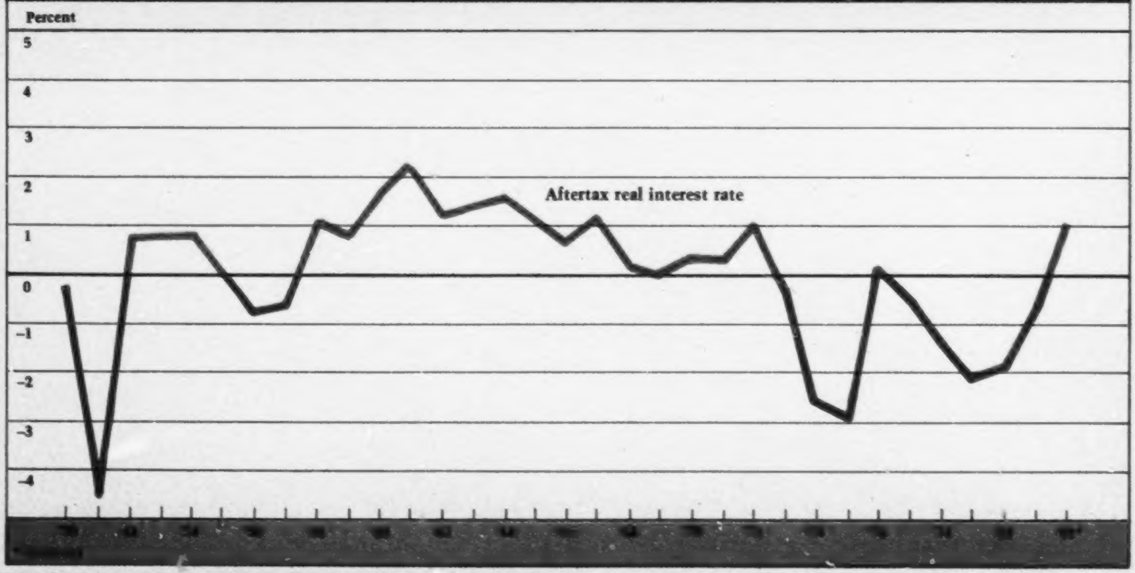
Look, for example, at a recent full-page ad taken out by the National Association of Realtors in the *New York Times*. "Homeowners must act now to make democracy work," it announces. The Realtors want you to write your congressman, asking that the Federal Reserve be urged to speed up the growth of credit. Tight money, they complain, is making it tough for home buyers to get mortgages, and so has sliced $25,000 off the resale value of the average home.

Self-interest wrapped in the flag of democracy. But it wouldn't do for the builders to admit that what they really want is a speedup of inflation to bail them out. Housing is a form of consumption. If it continues to be the favorite at the expense of business capital, productivity will suffer. Do we want to become another economic Argentina, wallowing in populist consumerism while our tools wear out and our technology declines?

This year consumers will save $23 billion by claiming mortgage interest on their tax returns and another $9 billion by running up credit-card and installment bills. Anybody who has forgotten about the deduction need only spend two minutes with a condo or car salesman to be reminded that the tax system will subsidize

Are interest rates too *low*?

Those towering rates shown on page 101 take on a new look after inflation and federal income taxes. Here are real aftertax yields on Aaa bonds, for a married taxpayer with a $50,000 salary in constant 1981 dollars and itemized deductions at 20% of income. No wonder people hate to save.



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55 of the most heavily burdened

Airlines *(see p. 186)* aren't the only companies strung out on debt. Each of the companies listed below must pay at least $1 out of every $6 in operating income—most far more than that—merely to meet its interest payments.

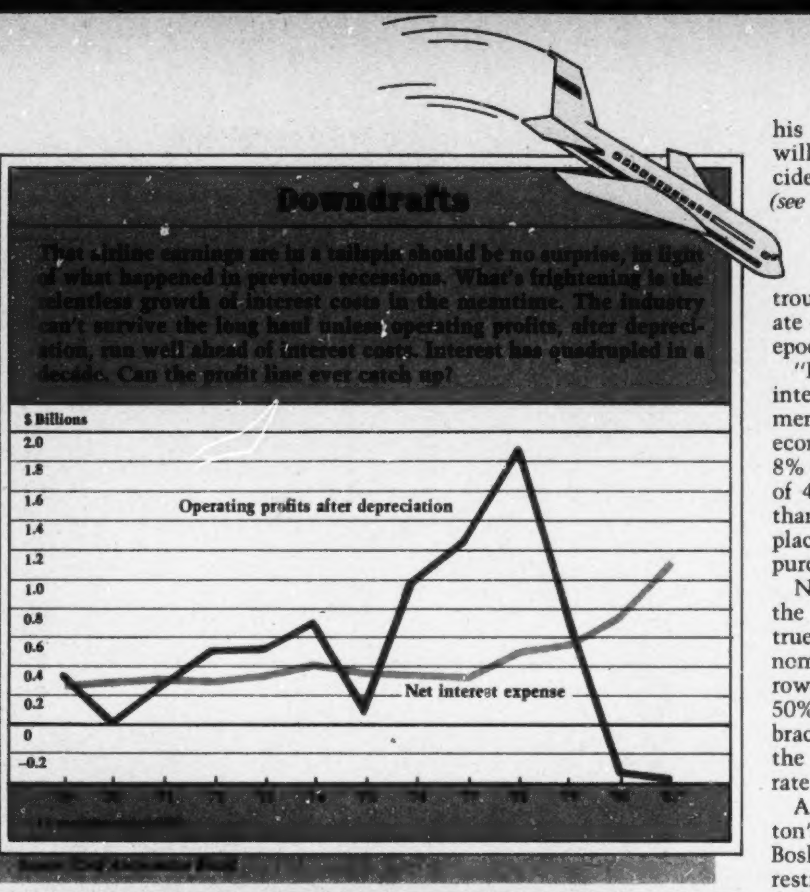
Company	Sales (millions)	Operating income before depreciation (millions)	Interest expense latest 12 months total (millions)	Interest expense latest 12 months as % of operating income	Interest expense latest 12 months as % of common equity	Total debt (millions)	Common equity (millions)
Geico Corp	$ 894.2	$490.6	$261.8	53.4%	117.1%	$1,663.4	$223.6
Kay Corp	697.8	12.5	28.4	226.9	112.0	72.0	25.4
Massey-Ferguson	2,646.3	d91.3	324.4	NM	106.4	522.3	304.8
Wickes Cos	4,245.0	227.5	215.6	94.8	76.0	672.0	283.7
NVF Corp	1,045.6	79.3	111.5	140.6	42.4	726.0	262.8
Coastal Corp	5,977.5	292.8	184.4	63.0	38.6	791.9	478.0
Lockheed	5,175.8	201.6	106.1	52.6	34.7	814.7	306.2
Tiger Intl	1,628.4	283.8	153.1	53.9	34.3	1,700.5	446.3
Commonwealth Oil Ref	1,284.4	27.3	44.1	161.3	34.0	190.0	129.8
Total Petroleum	2,379.7	31.1	61.0	196.2	33.5	283.4	182.2
Saxon Industries	754.9	55.8	42.8	76.1	33.3	221.8	127.4
Dome Petroleum	1,514.9	461.0	244.2	53.0	32.9	2,264.6	742.2
Del E Webb	508.7	49.5	42.3	85.5	31.0	212.6	136.7
Humana	1,393.8	319.9	94.5	29.5	31.0	757.1	305.2
Intl Harvester	7,041.0	10.8	396.7	3,870.2	30.9	2,065.5	1,285.0
Kellwood Co	618.1	32.9	25.4	77.1	30.2	66.4	84.0
El Paso Co	3,997.2	524.6	151.9	29.0	30.0	1,308.0	506.4
Chic & N West Trans	1,015.3	103.7	43.1	41.6	27.4	353.8	157.5
Tosco	3,431.5	4.8	59.4	1,236.5	25.9	264.6	229.0
Jim Walter	2,032.8	199.0	178.6	89.7	25.3	692.5	705.0
Mattel	1,029.0	79.3	51.2	64.5	23.3	158.3	219.3
US Home	1,061.4	101.8	60.2	59.1	23.0	213.9	261.9
MCI Communications	413.4	122.3	39.4	32.2	22.6	282.6	174.3
Northeast Utilities	1,655.1	397.1	220.7	55.6	21.8	1,555.8	1,013.2
GATX	992.7	273.5	114.0	41.7	21.7	1,016.8	525.9
Middle South Utilities	2,771.8	544.8	400.1	73.4	21.1	3,513.8	1,898.9
Conagra	1,726.9	69.9	80.5	43.6	20.9	92.4	146.0
Caesars World	603.2	117.3	40.2	34.3	20.5	165.7	196.0
Boston Edison	1,049.6	234.1	92.5	39.5	20.1	623.6	460.2
LTV	7,510.7	343.9	163.5	47.6	20.0	1,510.9	818.0
Transco Cos	3,525.4	689.9	120.2	17.4	19.9	1,251.5	608.8
General Tel & Electric	11,026.3	3,104.2	870.4	28.0	19.4	7,704.0	4,484.4
Entex	1,081.2	129.7	39.3	30.3	19.4	267.4	202.5
Mitchell Energy & Dev	998.9	247.5	54.1	21.9	18.9	236.9	285.5
Gifford-Hill	575.9	83.0	34.9	42.1	18.9	262.9	184.8
Consumers Power	2,734.0	613.7	308.7	50.3	18.9	2,565.2	1,633.3
Portland General Elec	572.9	271.3	128.8	47.5	18.9	1,054.2	682.1
Pacific Power & Light	1,203.7	471.7	195.9	41.5	18.3	1,708.9	1,070.6
Charter Co	4,982.5	243.2	98.0	40.3	18.2	436.5	537.8
Marriott	2,000.3	239.0	69.8	29.2	18.2	544.2	384.1
Phibro	26,949.3	581.5	259.5	44.6	18.1	441.4	1,431.7
Gulf States Util	1,221.7	335.7	159.4	47.5	17.9	1,332.3	889.2
American Nat Res	2,896.0	534.2	186.7	35.0	17.8	1,408.5	1,051.4
American Elec Power	4,192.9	1,332.1	577.6	43.4	17.5	5,058.8	3,292.3
Detroit Edison	2,054.1	609.6	302.8	49.7	17.5	2,514.7	1,726.8
Fruehauf	2,177.7	133.0	92.6	69.7	17.5	418.9	528.2
Ryder System	1,913.9	381.4	82.2	21.6	17.4	741.4	473.4
Columbia Pictures	734.7	61.5	27.6	44.9	17.3	205.4	159.6
Tenneco	15,462.0	2,274.0	815.0	35.8	16.7	4,283.0	4,872.0
Grumman Corp	1,922.4	84.1	46.4	55.1	16.7	240.4	277.4
South Carolina E&G	759.7	217.8	92.0	42.3	16.6	784.9	552.9
Southern Co	4,256.2	1,351.8	515.2	38.1	16.6	5,346.1	3,098.0
American Stores	6,933.7	115.4	42.9	37.2	16.6	224.7	258.3
Southwest Forest Ind	779.5	108.3	40.0	36.9	16.6	328.0	241.4
Zayre	1,759.3	71.6	31.5	44.0	16.5	241.3	190.7

d: deficit. NM: Not meaningful.

Source: Standard & Poor's Compustat; Wilshire Associates; Forbes

Downdrafts

That airline earnings are in a tailspin should be no surprise, in light of what happened in previous recessions. What's frightening is the relentless growth of interest costs in the meantime. The industry can't survive the long haul unless operating profits, after depreciation, run well ahead of interest costs. Interest has quadrupled in a decade. Can the profit line ever catch up?



Source: Civil Aeronautics Board

Instant gratification

Times are tough/Inflation's high
It's hard to buy/Seems you'll never have enough

So goes the jingle in a television ad for Remco, a Houston-based appliance rental chain that caters to that hard core of consumers who don't want to know what the interest rate is, only whether they can meet the monthly payments.

Walk into a plush-carpeted Remco store with good "character" references and the first month's rent and you can walk out with a TV, stereo or other luxury appliance. One popular item: the top-of-the-line General Electric color console with remote control, at $93 a month. You can return the set at any time. Make 18 monthly payments—as 42% of Remco customers do—and the set is yours. Can't meet the payments? At Remco there is no such thing as "repossession," simply cancellation followed by a free pickup.

"Our target is the middle-income consumer, $20,000 to $25,000 family income," says President Charles Sims, who works out of a spanking new headquarters that sports mirror-framed skylights, a racquetball court and a videotaping room. Sims, who founded the business when he was 27 and at 41 still owns 75% of it, made his fortune upscaling what had hitherto been a weekly rental business in low-income neighborhoods.

The chain recorded $38 million in revenues in fiscal 1981 and netted $2 million—a 40% return on equity. Remco's customers pay a tidy price for having eyes bigger than their bank accounts. That GE console comes to $1,674 on the easy-payment plan, *vs.* $985 (including tax) at a local discounter. Add in $99, which Sims says is the value of his service contract, and you're comparing a $1,084 cash transaction with Remco's $1,674. That computes to just under 5.8% a month, or 96% a year after compounding.

Is that interest? Sims maintains it is for the right to cancel freely. Moreover, renters have attractive purchase options in early months. Federal regulators agree, and no interest rate need be disclosed. The customer probably doesn't want to know anyway.—W.B.

his purchases on credit—just as it will penalize him heavily if he decides to invest the money instead *(see chart, p. 102)*.

Taxing interest income and allowing interest deductions are an old feature of the tax code. What's troubling now is how these rules create distortions during an inflationary epoch.

"In a world of inflation most of the interest that is paid is really a repayment of principal," says Princeton economist Alan Blinder. If inflation is 8% and the lender wants a real return of 4%, he has to charge a bit more than 12% interest. The extra 8% replaces the erosion in his principal's purchasing power.

Now bring the tax collector into the picture. He will look not at the true interest rate of 4% but at the nominal rate of 12%. If both borrower and lender are in a roughly 50% bracket (corporations or top-bracket individuals, for example), the result will be an aftertax real rate of about minus 2%.

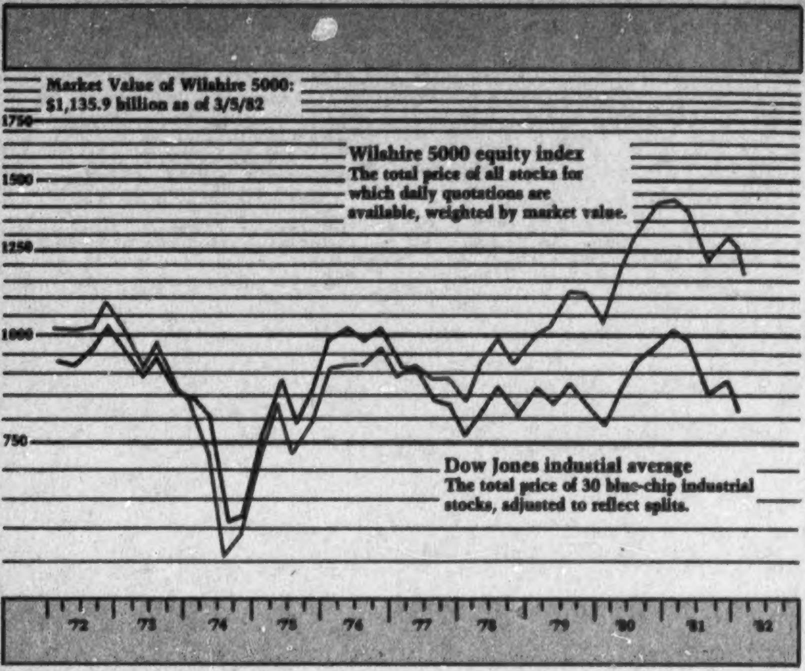
A number of economists, Princeton's Blinder and Stanford's Michael Boskin among them, would like to restrict or abolish both the interest deduction and the taxability of interest income. That would, they argue, increase the supply of credit and diminish the demand, forcing down rates.

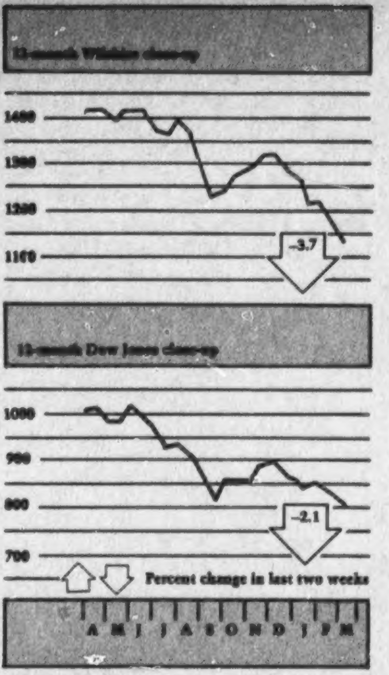
What about the IRAs? Aren't they providing a gush of new savings? Not so much as one might think. Here's why: Smart taxpayers are engaging in what *Tax Notes* publisher Thomas Field calls "arbitrage." "Last year I went out and borrowed $1,500 to put in my IRA," he brags. "Not only did I get the exclusion but I could deduct the interest." He wasn't, of course, really saving at all—just playing the tax code. Professor Boskin would like to see the supply of savings swelled by an unlimited IRA deduction. But, he says, "a *quid pro quo* would have to be the elimination—gradually—of the deductibility of interest."

So far Congress has got as far as some very timid talk about a $10,000-a-year cap on mortgage interest deductions. "I've seen it debated on the Hill," says Rudolph Penner, director of tax studies at the American Enterprise Institute and a foe of interest deductions. "But you can see the thought processes going. Everybody is saying to himself, 'How much would it cost me?' Anybody with two houses, a guy with a condominium at the shore, is over $10,000."

So, ask yourself, ask it honestly: "Do I sincerely want inflation to end?" ■

The Forbes/Wilshire 5000 Review





Encore for a bad act. Once again, investors had little reason to give the market a standing ovation. This time the show got worse rather than better: Both the Dow and the Wilshire fell to 22-month lows. When the Wilshire—with more than 5,000 securities—joins in chorus with the Dow, the audience knows for sure that the decline in equities is broadly based. The Wilshire indicates that the market lost 3.7% over the last two weeks and 7.1% over the last four. The four-week drop also represents a loss of over $71 billion in capitalization.

Once more the weakest member of the cast of market indicators was the Amex. Motorists may be giving rave reviews to lower prices at the gas pumps, but anything that bears the slightest relation to the energy business has been booed off the stage. The Amex is behind a hefty 25.5% over the last year.

At some point, of course, Wall Street will get its show back on the road. The big question is when. In recent days the Dow has fallen through 800, a mark identified as a resistance level by some experts. With that barrier breached, pessimists are now talking of a bottom at 750 or below. But if the economy doesn't sink much lower, an early spring rally could produce major box office. Already, suave bargain hunters are dancing in the aisles.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	AMEX Market Value Index	NASDAQ Composite
in last 4 weeks	–7.1	–8.1	–6.9	–12.2	–7.6
in last 52 weeks	–15.8	–16.3	–15.2	–25.5	–13.0

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–9.9	–0.2	–13.6	–7.1	–0.7	–7.6	–10.3	–2.2	–7.3	–9.6
in last 52 weeks	–13.1	8.5	–26.3	–5.1	5.9	–5.4	–12.5	0.7	–12.5	–2.3

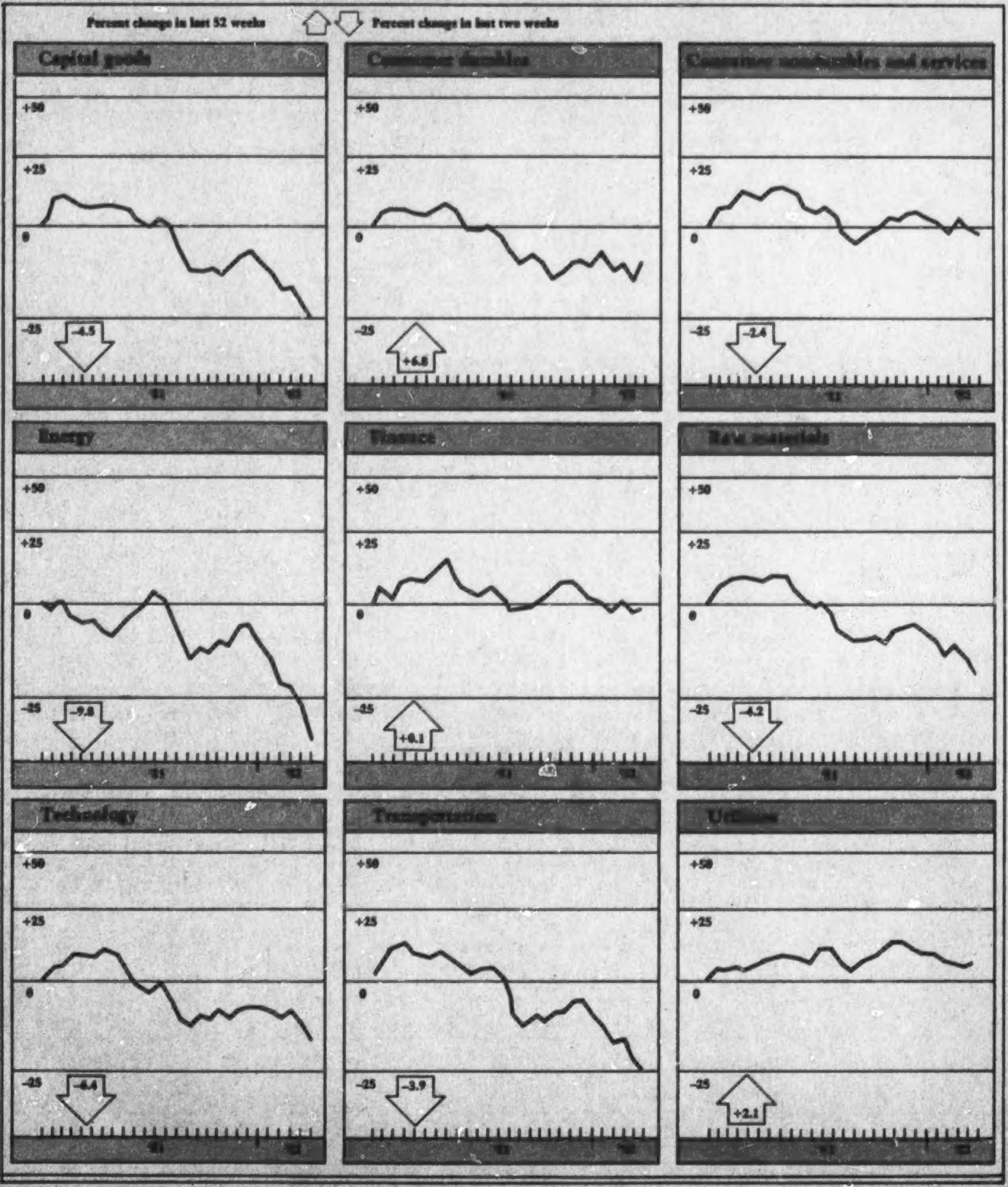
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/5/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Wheels of hope? Six out of nine sectors show two-week declines. The energy stocks in particular were again battered badly, losing almost 10% of their market value. On the other side of the coin, the favorable prospect of lower fuel costs helped utility issues to show a modest 2.1% gain. Consumer durables, however, made the biggest upside move.

A look behind the numbers shows that it was the selective movement of two large capitalization stocks, Ford and General Motors, that got this sector rolling. Ford was up 20% and GM up 16%. It appears that some investors feel that Detroit is about to turn the corner on its protracted slump. Among other big consumer-durable companies, Uniroyal, with a 23% jump, registered the third-largest advance. If the early birds are correct, many auto-related issues could soon be off to the races.



Note: All data for periods ending 3/5/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

Do you like stocks that sell under $5 a share? They aren't all traded in Denver. These days there's plenty of budget merchandise on the Big Board.

One kind of cheap

By Steve Kichen

LOTS OF INVESTORS like to buy cheap stocks. Not necessarily cheap in Ben Graham terms—based on low P/E multiples or high book value ratios—but cheap purely and simply in price. How often have you heard someone say, "I'm looking for a good $5 stock"?

This may not be the most logical way to invest, but these days at least it doesn't require loading up on penny-a-share mining outfits. Among the more than 2,200 Big Board securities, there are over 80 common stock issues that sell for $5 or less. Earnings disasters have pushed most of these companies to fire-sale levels—including AM International, Braniff, Chrysler and Pan Am. But there are still almost three dozen profitable NYSE companies currently selling at poor folks' prices.

Of course, some of these stocks are on the discount table because of fundamental financial difficulties, and a few of the companies on our list are only barely profitable. Still, many sectors of American industry are well-represented among our 35 companies.

All of our cheapies may not be the healthiest firms on the block, but some do seem to have traits that will make them survive, perhaps even thrive. A few of the stocks on our list are also cheap based on more conventional criteria. One quarter of the companies sell at an earnings multiple of 6 or less.

Among the more beguiling bargains is Scot Lad Foods. It has a P/E of 4 and also sells at almost half of book value. Saxon Industries, another double-barreled sale item, is available for $4.25 a share and less than 25% of book. A few of the crop even offer relatively safe dividends. Benguet, for example, currently sports a 7.5% yield and IPCO a 4.7% yield.

What's more, within the last 52 weeks most of these stocks sold at considerably higher prices. Christiana Cos. is down 70% from its peak of 15⅜ and Genesco is down 56%. Yes, there's risk—but there's also lots of leverage. Excluding commissions, for example, $1,125 will buy you 1,000 shares of Lehigh Valley Industries. If the stock goes up ⅞ of a point, you earn 78% on your money.

As those numbers sink in, however, remember this: Setting out to find a good $5 stock is like shopping for a red car. There are likely to be both Cadillacs and clunkers on the lot. ■

Is a Cadillac parked with these clunkers?

The 35 Big Board stocks on this list sell for under $5 a share. Each company is profitable, and most are trading near their annual lows.

Company/principal business	Recent price	52-week price range	Latest 12-month EPS	Latest 12-month P/E	Book value per share
Adams Drug/drugstores	4½	6¾–4	$0.81	6	$7.90
American Agronomics/agriculture	4⅛	8¾–2¾	0.14	29	1.47
Arlen Realty & Dev/real estate	1¼	3 –1⅛	0.49	3	d
Atlantic Metropolitan/real estate	1⅛	3 –1	0.11	10	1.61
Basic Resources NY/energy	4⅜	8 –3⅞	0.48	9	2.14
Benguet Corp/gold	3¾	9 –3⅝	0.78	5	8.04
Christiana Cos/real estate	4⅝	15⅜–4⅜	0.34	14	8.93
Contl Copper & Steel/steel	5	7½–4½	0.20	25	12.39
Cook United/retail	2⅝	10⅜–2⅝	0.11	24	10.35
DMG/real estate	3⅛	6⅜–2⅞	0.11	28	5.39
Elect Mem & Mag/comp equip	3⅛	6⅛–2¾	0.08	39	3.07
First City Properties/real estate	4	5⅞–3¾	0.67	6	7.49
Fotomat/retail	4⅛	9⅜–4⅛	0.21	20	4.95
GF Business Equip/office equip	4¾	7½–3⅜	0.30	16	16.42
Genesco/apparel	4⅞	11⅛–4⅝	0.60	8	0.49
Growth Realty Cos/REIT	2⅜	5½–2⅜	0.08	30	7.49
IPCO Corp/health care prods	4¼	6¾–4	0.47	9	8.07
Jewelcor/jewelry	4	6¾–3⅜	0.92	4	12.73
KDI Corp/recreation	4	5⅜–3¼	0.61	7	2.40
Lehigh Valley Inds/textiles	1⅛	2¼–1	0.22	5	d
Northgate Exploration/metals	3¾	9⅞–3⅝	0.04	NM	7.62
NVF/steel	2⅝	4½–2½	0.33	8	3.16
Pueblo Intl/grocery stores	3½	6⅞–3½	0.64	5	7.56
Puerto Rican Cement/cement	3¼	6½–3	0.35	9	13.65
Pyro Energy/energy	4⅝	7⅞–4½	0.16	29	d
Saxon Inds/office equip	4¼	7½–4	0.42	10	17.68
Scot Lad Foods/groceries	4⅜	7⅜–3⅞	0.99	4	8.41
Steego/auto equipment	3	5⅝–3	0.34	9	5.67
Sunstates/real estate	5	8¼–4¼	0.34	15	9.11
Texfi Inds/apparel	3⅛	5¾–2¾	0.16	20	4.53
Thackery Corp/REIT	2	3½–1¾	0.21	17	5.58
Tri-South Investments/real estate	3½	4¼–2¾	0.86	5	7.48
Union Corp/multicompany	4½	9¼–4⅛	0.48	19	7.39
United Park City Mines/mining	2¼	4¾–2⅛	0.06	NM	3.32
Wean United/machinery	4¾	6⅝–4¼	0.77	9	15.57

d: deficit. NM: Not meaningful.

Source: Wilshire Associates; Standard & Poor's.

Even Poland had a bumper crop in sugar this year—so you know there must be plenty of it around.

SWEET BUT ASLEEP

By Stanley W. Angrist

DICTIONARY

The sugar market has been asleep for the last seven months, trading quietly between 12 and 14 cents a pound. The question traders have been asking themselves: Is it going to wake up?

The 1981-82 season looks like a bumper crop for sugar, domestically and worldwide, reversing the previous year's tight supply/demand situation. World production is currently estimated at a record-shattering 95 million metric tons, exceeding the previous high of 92.5 million metric tons produced in the 1977-78 season. Prices have acted just as you would expect in the face of those numbers.

Based on current conditions, sugar production worldwide is estimated to exceed last year's drought-stricken crop by 9%, and is well above the 2.3% trend-line rise of the past decade. It now looks as if the problems that plagued several important sugar-growing regions have been overcome. Eastern Europe has experienced nearly ideal weather conditions, which has led to an excellent crop even in Poland. The only exception is the Soviet Union, which will be forced into the world market again for as much as 2.5 million to 3 million metric tons.

Since the mid-Seventies, world sugar consumption has risen sharply, having increased 18%, to a projected 92 million metric tons. In 1974-75 consumption totaled less than 78 million tons. Most of this increase in demand is attributed to rising population and increasing incomes in developing nations. However, in the last two years consumption growth has slowed or actually declined. Even though consumption is expected to rise 3.5% this crop year, it is well below the 9% growth in production. Whatever growth does occur is expected to occur almost entirely in Asian, African and Latin American nations, while sugar usage in the industrialized nations is expected to decline. Part of this decline is attributed to the increased use of high fructose corn syrup. Examination of the data reveals that, after two years of consumption's exceeding production, the sugar market is going to swing into substantial surplus. On an inflation-adjusted basis, prices this year are expected to be not much higher than they were five years ago. This year's bumper crop will result in a stocks increase, both in absolute terms and as a percent of consumption *(see table above)*.

Not-so-sweet numbers

Sugar is cheap and getting cheaper as stocks, relative to consumption, continue to grow.

Years	Production	Consumption	Stocks[1]	Surplus (+) or deficit (–)	Stocks as % of consumption	World spot price[2]	Deflated[3] price
	(millions of metric tons, raw value)					(cents per pound)	
1977-78	91.2	85.3	30.7	+5.9	36.0%	7.5	3.7
1978-79	91.0	89.6	31.5	+1.4	35.0	8.2	3.7
1979-80	85.0	89.7	26.3	–4.7	29.0	21.3	8.1
1980-81	87.3	88.7	24.5	–1.4	28.0	24.9	8.7
1981-82	95.0[4]	92.0[4]	29.0	+3.0	32.0	12.1[5]	4.0[5]

[1] On Aug. 31. [2] Season average. [3] Deflated average as adjusted by Producer Price Index. [4] Estimated. [5] Sept. to Dec. 1981 average. *Source: F.O. Licht; Shearson/American Express*

The Common Market reportedly has decided to stockpile 1 million metric tons of its sugar crop. India is also accumulating domestic reserves of between 500,000 and 1 million metric tons. If the various stockpiling plans are fully or substantially implemented, as now seems likely, they should, in time, remove a substantial portion of the current surplus from the market.

Additional support for prices should come from the planned reductions in sugar-beet production for 1982, with current thinking suggesting a 5% to 10% cutback in spring plantings by major Western European producers.

Given the sugar tonnage that will be taken off the market by the Intentional Sugar Agreement, the high probability that the Russians will be in the market again this year in a substantial way, the cutback in sugar-beet production and the relatively low price, I believe a modest long position in sugar is warranted. I do not expect sugar prices to explode, but they can have a nice bounce from these levels.

Because I believe that this trade will be slow in developing, I suggest taking a long position in the July contract under 13 cents per pound. Look for a 3-cent move, for a $3,360 profit per contract, risking no more than 70 points from the entry position, or $800 per contract. Minimum exchange margins on this position would be $1,500, while the round-turn commission is about $60.

Alternatively, one could try a bull spread of long July/short October, with October at least at a 40-point premium. I would look for July to move to about 60 points over October for a $1,120 profit per spread. I would risk no more than 50 points from my entry point. The margin on this spread is $750; the round-turn commission about $80. ■

Stanley W. Angrist is a professor at Carnegie-Mellon University and the author of Sensible Speculating in Commodities.

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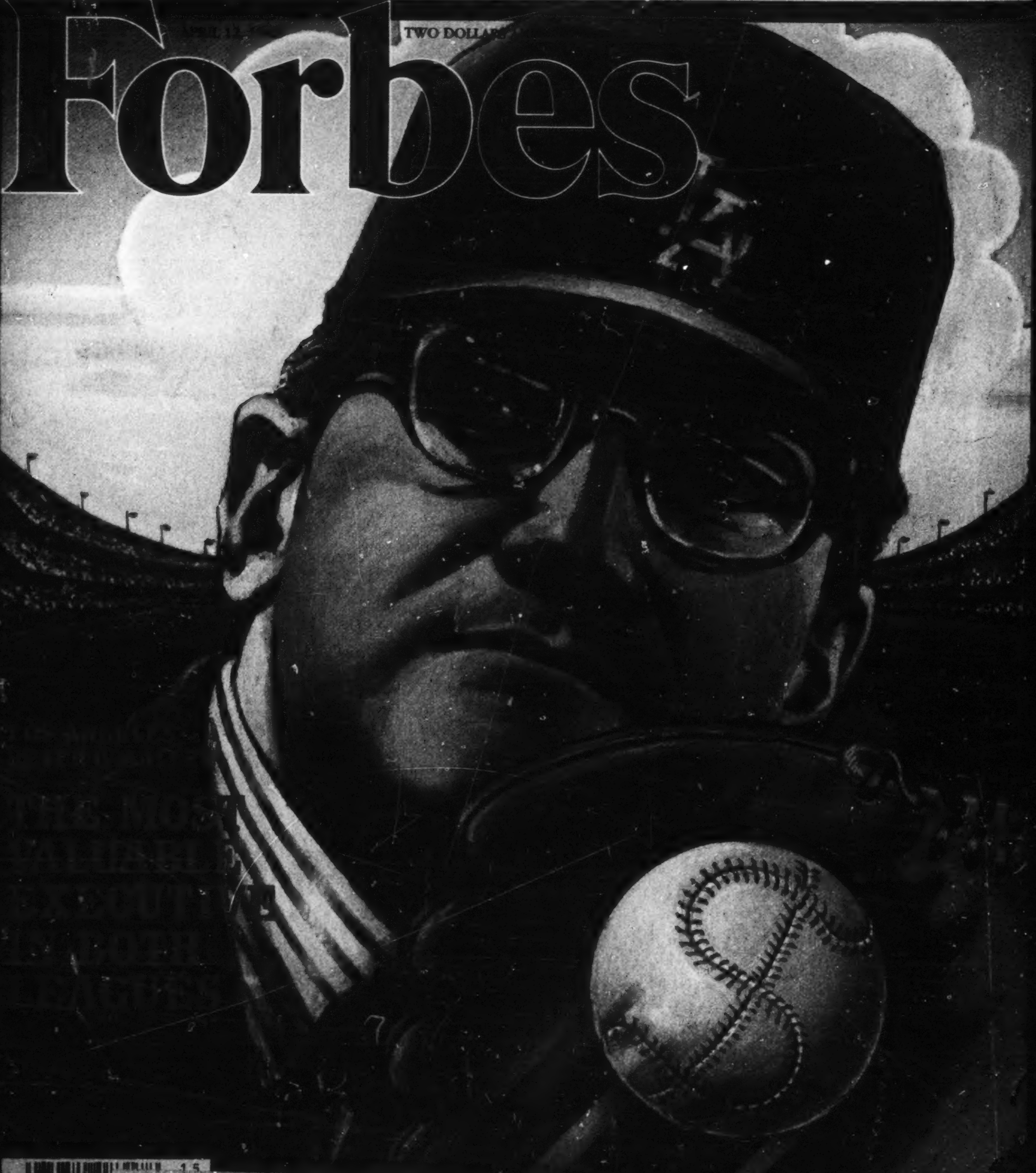
Special Report

The Saudis' big push into petrochemicals

Forbes

APRIL 12,

TWO DOLLAR



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Forbes

April 12, 1982
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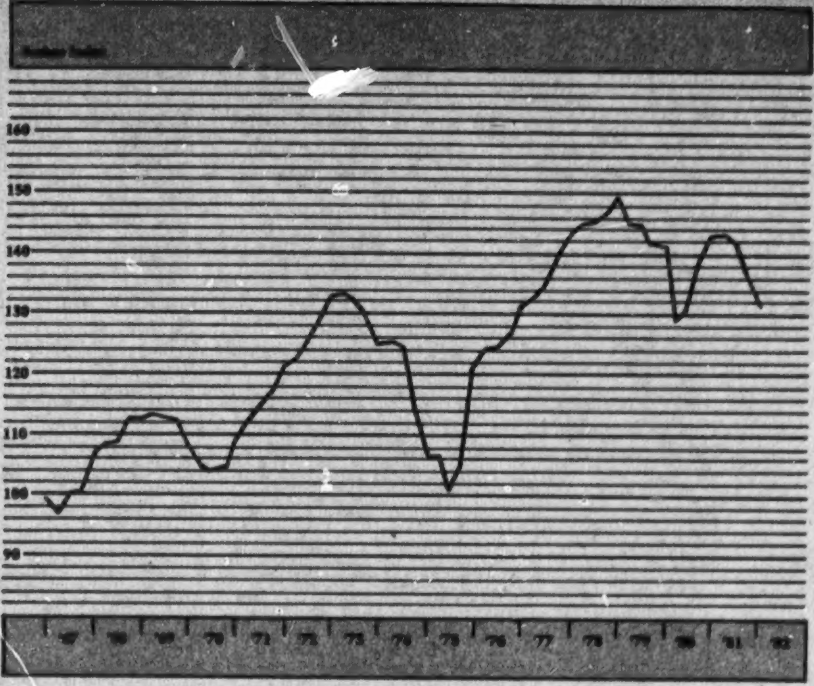
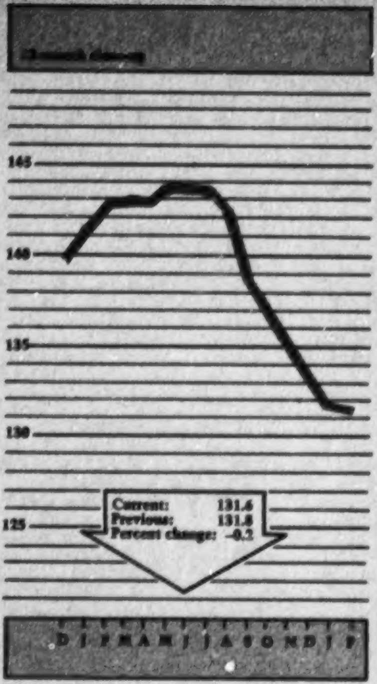
The Forbes Index



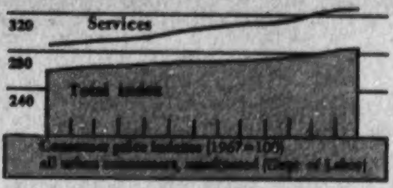


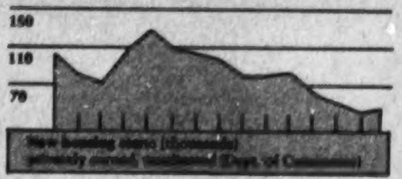
Bright spots. The Forbes Index was down only slightly, mainly because several economic indicators turned in surprisingly strong showings. Industrial production rose 1.6% in February, while new housing starts jumped 7.3% from January's dismal level. Most important, consumer spending began to accelerate as retail sales increased 1.6%. Personal income also posted a gain, rising 0.5%. Since consumers are expected to lead the way to recovery, higher income and sales could mean an upturn is at hand. Optimism, however, may be premature. The improvement could be due to the fact that January results were extremely poor and a bounceback was inevitable.

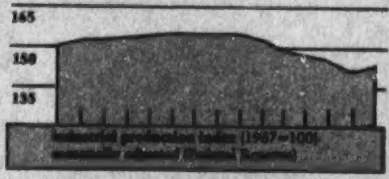
The Forbes Index Components

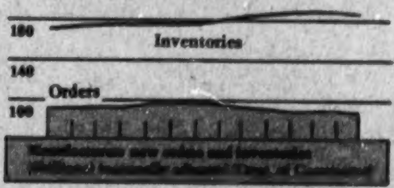
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

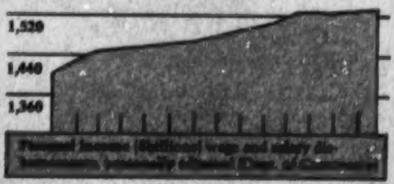
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

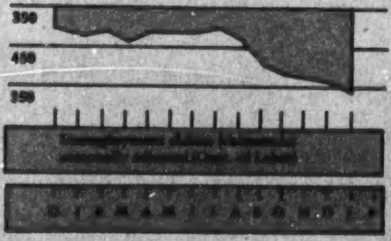


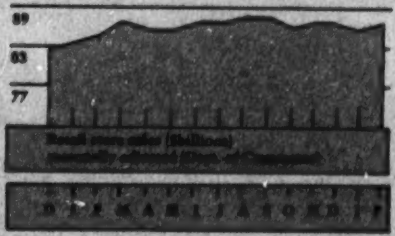


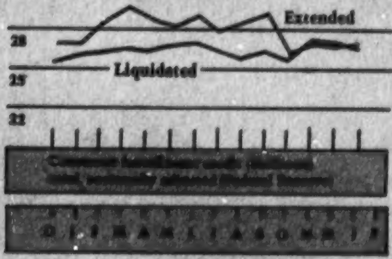












Peter O'Malley doesn't quarrel with his players on television, doesn't brawl in public places and isn't crazy about seeing his name in the papers. What kind of baseball club owner is that?

The most valuable executive in either league

By John Merwin

"BASEBALL," the late Phil Wrigley, chewing-gum magnate and owner of the hapless Chicago Cubs, once observed, "is too much a sport to be a business and too much a business to be a sport." Scarcely a day passes without a bit of news—a club demanding tax subsidies for a stadium here, a seven-figure salary demand there, a commissioner berated everywhere—that strengthens Wrigley's rueful point.

Club owners deal with the changes wracking the national game in different ways. There is, notoriously, the "management by tantrum" style of George Steinbrenner, who seems to believe the game is played in a sandbox. His idea of sound player relations is to go on national television, as he did last fall when his Yankees lost the World Series, and apologize to the city of New York for having only the second best of baseball's 26 major league teams.

California Angels owner Gene Autry pretends the game is a hobby, spending freely and losing millions. There is also the Wrigley school, of course, which says: Don't even pretend. Manage your club as if it were a stamp collection. Last year the Wrigley family, which had owned the club for 60 years, had mercy on Cub fans and sold the team, which has not won a pennant since 1945.

In sharp contrast to all such styles is the strategy employed by Peter O'Malley, owner of the Los Angeles Dodgers. While Steinbrenner was carrying on before ABC Sports television cameras last fall, O'Malley, whose Dodgers had come from behind to lick the Yankees 4 to 2, was doing everything he could think of to stay out of camera range. Standing 6 feet tall, with the healthy glow that comes of a lifetime standing in the sun tracking pop flies, O'Malley looks big enough to play Steinbrenner's game of uproar and confrontation. But O'Malley, 44, winces even at personal press coverage. A University of Pennsylvania business-law graduate who was carefully groomed for ownership by his father and predecessor, the late Walter O'Malley, Peter runs the Dodgers simply—astonishingly—treating baseball as a business. Unsubsidized by broadcasting profits like Autry, say, or by McDonald's hamburger profits like San Diego Padres owner Ray Kroc, Peter O'Malley maintains his ball park, pays his players and keeps them in baseballs, at $3.50 apiece, solely on what the club itself makes each year.

How's he doing? Drop by the Los Angeles ticket office and ask to see a Dodger season-ticket location. For $486, you can buy a quaint little spot by the foul pole, just beyond 26,000 other seats already purchased by season-ticket holders. That's $12 million up front, drawing interest. Couple that with 6,000 group tickets sold before each home game, plus 1,000 advance-mail tickets, and the Dodgers will draw 33,000 fans a night this year without selling another ticket on the day of the game. (Average major league attendance is about 21,000.)

Barring earthquakes or economic collapse, the Dodgers may draw 3.5 million home fans this year, about 43,000 a game (almost all of them at night), shattering the major league record of 3.3 million set by—who else?—the Dodgers in 1978. They also own the second, third and fourth place season-attendance marks.

All this means big bucks, at least by sports standards. Though O'Malley is tight-lipped about finances, the best guess is that Dodger revenues run about $30 million to $35 million and that pretax income is in the $8 million vicinity. Most think the franchise is worth at least $30 million, not to mention the real estate carried on tax rolls at $32 million. When Walter O'Malley died in 1979, he left it all to Peter and his sister Terry.

Beyond question, the quality of Dodger baseball is a factor in O'Malley's fortune. In the past decade, while compiling the third-best win-loss percentage among baseball's 26 teams, the Dodgers have finished second four times, third twice and have played in four World Series.

Important as it is, though, winning is *not* the only thing in running a profitable sports business. The Dodgers are the best-run franchise in all of baseball because of a lot of other things they do right. Compare Dodger Stadium, for example, to another entertainment success on the West Coast—Disneyland. Dodger Stadium is squeaky clean, beautifully landscaped and rests in a striking setting. As at Disneyland, Dodger Stadium attendants—even in the parking lot—are civil. The bathrooms are clean and safe.

There is a touch of IBM in the way the O'Malleys, Walter and Peter, have built an organization—something bigger than an owner's ego. Walter O'Malley joined the Dodger front office in 1943. At the time, after 53 years of struggle in Brooklyn (whose citizens were once known as "trolley dodgers," hence the team name), the club was near spiritual and financial bankruptcy. O'Malley spent the next decade rebuilding Brooklyn into a winner. In 1958—scathingly denounced, of course, in the New York press—he moved the franchise to a more lucrative market, Los Angeles, where, 12 years later, he handed it over to Peter.

One business lesson Peter learned at his father's right hand is the value of team press coverage. Years ago Walter O'Malley occasionally produced off-season headlines by creating phony holdouts—secretly signing important players but pretending they were still mad as hell, and far apart, on a new contract. Under Peter, the Dodgers have since refined promotion to a finer art form of giveaways, speeches, sports clinics and media events. But management remains stingy about home-game television exposure, passing up perhaps $5 million for annual rights, fearing damage to home attendance.

The $20 million stadium Peter O'Malley regularly fills by such means is all his, free and clear, the only major league stadium to be privately financed since 1923, when Colonel Jacob Ruppert, the beer baron, built Yankee Stadium. Realizing that his surroundings were no longer the grime of New York, but the cleanliness and family atmosphere of Los Angeles and Disneyland, Walter O'Malley spent more than $1 million landscaping Dodger Stadium, planting olive trees and palms in the parking lots and installing a Japanese garden in center field, backed by spectacular mountain scenery. Despite attention to detail, the stadium opened in 1962 without water fountains, whereupon the press instantly concluded from that fact that it was an O'Malley plot to sell more beer. Not so, the Dodger organization has always maintained. But it's beyond argument that Peter's father knew how to pinch a dime and was a tough negotiator, the kind of guy who could go into a revolving door behind you and come out in front.

In any organization, on the field or off, stability counts. Of 225 executives and staff in the Dodger front office, many have been with the team for two to three decades, a few over 40 years. Turnover is almost nil, even in the secretarial ranks.

That pattern is matched on the ballfield. Take Walter Alston, who managed the Dodgers for 23 seasons. "When we had a poor season, they didn't panic. I still had my job," Alston recalls. "When we had a good year and won the World Series, though, I didn't push too hard [on salary]." Alston was succeeded by Tom Lasorda, who has spent 33 years with the Dodgers. Contrast that stability with George Steinbrenner, who has fired eight managers in just eight years.

"Baseball was my father's only business," says Peter O'Malley. "I'll bet every time on the shop owner who comes early and stays late to mind his store." The value of that single-mindedness—financial and otherwise—is shown in the steady flow of young players pulsing through the Dodger organization. "During the strike," O'Malley remarked earlier this month at Vero Beach, the huge Dodger training complex in Florida, looking out on 120 athletes gamboling there, "we cut back on almost everything. But we didn't cut a dime from scouting and minor leagues." IBM calls it R&D. The Dodgers call it "player development."

Most major league teams, their minor league farm systems ravaged by television decades ago, no longer support big scouting staffs. They rely on "The Bureau," a shared scouting pool headquartered at Newport Beach, Calif.

Dodger President Peter O'Malley at Vero Beach, Fla.
"You can't survive outbidding others for free agents."

which distributes tips on young ball players, who then are further evaluated by individual teams' own (skeletal) scouting staffs. The Dodgers, in contrast, maintain 24 full-time and 22 part-time scouts who scour the U.S. and Latin America looking for potential stars. It costs a pretty penny—some $3 million a year, according to one well-informed source—and produces about three new major leaguers a year, costing the Dodgers about $1 million per success. But at a time for baseball when even mediocre free agents can command several hundred thousand dollars in open bidding, there's a lot to be said for the Dodger way.

The Dodgers jumped into the free-agent market one time several years ago and got burned badly, paying $5 million for two pitchers who bombed out that year. O'Malley says he won't make that mistake again. "You can't survive as an owner-operator if you think you're going to outbid other teams for free agents," he says. "I think Gene Autry has spent more money on free agents and in trades than anybody, and he hasn't won a pennant yet. If Autry had spent half that money on minor league development he'd have been better off."

Incubation takes place at the Dodger training camp in Vero Beach, a town where the local 7-Eleven sells 12 kinds of chewing tobacco. The "Dodgertown" grounds themselves—450 acres, holding three diamonds, lockers, showers, cafeteria, pressroom and broadcast studios—have no equal in baseball. Dodgertown also has swimming, tennis, golf and fishing facilities, making it the Club Med of spring-training camps. But it's the intangibles at Vero that say much more about the Dodger success formula.

Under the great Branch Rickey, who pioneered talent-raising techniques at the St. Louis Cardinals before he came to Brooklyn in 1943, the Dodgers were the first major league team to bring both major and minor leaguers together in one camp, allowing minor leaguers opportunity to steep themselves in Dodger tradition. A youngster coming into camp from a farm club not only has a chance to eat, talk and play with current stars, he also has an opportunity to visit with Dodger legends. Sandy Koufax, Roy Campanella and Walter Alston spend each spring with the Dodgers, and while they can help young players improve their skills, the intangible transaction is even more important. Young players can't help but notice that the Dodgers stick with men who have contributed to the team's legend, particularly in the case of Campanella, whose brilliant career as a catcher was snuffed out by a near-fatal auto accident. That builds loyalty. Perhaps it's no surprise, then, that when the 1982 Dodger season begins on Apr. 6, most of the starting players on the roster will be men who have spent their entire careers with the organization—a rarity in baseball's have glove will travel atmosphere.

Secret (and highly visible) weapon

Broadcaster Vince Scully

A few years ago somebody ran a poll to choose the most popular Dodger. The winner wasn't even in uniform. He was the team's network play-by-play announcer, Vince Scully.

By radio KABC and television KTTV, Scully has taught the game to an entire generation of Angelenos, many of whom had never seen major league baseball before the Dodgers moved to California in 1958, just when the transistor radio craze hit. By the tens of thousands fans pressed radios to their ears as Scully skillfully laid out the game below.

The transistor radio phenomenon scaled unparalleled heights one night when Scully noticed it was umpire Frank Secory's birthday. "On the count of three," Scully said over the airways, "let's sing 'Happy Birthday' to the second base umpire." With Scully leading, the Coliseum reverberated in song. Secory nearly fainted.

Once Scully even tried his managerial skills from the broadcast booth. The game was the last of the 1965 season. The Dodgers had clinched the pennant the night before. Midway in that last game Dodger Manager Walter Alston phoned Scully from the dugout and told him to take over. Scully noted that Ron Fairly, the Dodger runner on first, was a player who on a good day ran as if he were in slow motion. On this day Fairly was badly hung over from the previous night's celebration. Scully advised his listeners: "Watch Ron Fairly's double take when he sees the third base coach flash the steal sign I'm ordering." Fairly did, and the crowd roared. Fairly took off on the next pitch, which was fouled away, so it took a second Scully steal sign to move Fairly to second base, on a dropped pitch.

Scully joined the Dodgers in 1950 as a 21-year-old kid fresh out of Fordham. The Dodgers were looking for a third announcer to complement Connie Desmond and Red ("They're tearin' up the pea patch") Barber. He made $5,000 his first year. Scully became the team's lead announcer in 1955 and has been an institution ever since. Today he lives in posh Pacific Palisades near President Reagan's former home, and tools to work in a Cadillac.

One secret to Scully's success is his appeal to adult female Dodger fans, who make up an unusually high 30% of the stadium crowd. Late in tight games Scully often describes emotions of a Dodger wife sitting below watching her husband at bat. "It's like Tom Wolfe's story of the space program, *The Right Stuff*," Scully resonantly intones, making no apologies. "Wolfe wrote a lot about the astronauts in that book, but he also wrote an awful lot about their wives."

One woman who will always remember Scully is a grateful Los Angeles housewife whose husband was a dedicated Scully listener. "My husband is a postman who gets up early, so he sometimes falls asleep at night listening to the Dodger game," she wrote Scully. "The radio is on his side of the bed, so to turn it off, I have to crawl across him. . . . I want you to be the first to know that we're expecting our third child in September."—J.M.

The care and feeding of these athletic talents normally resembles sound practice in animal husbandry. Like dairy cows or laying hens, players are pampered in their primes, and when the curtain falls on a career, they are usually disposed of as quickly and quietly as possible. Often that's not the case in Los Angeles. For instance, some years ago Peter O'Malley learned that a Los Angeles pawnshop had a Dodger World Series ring. O'Malley dashed over and retrieved the ring, which belonged to Don Newcombe, a Dodger pitching hero of the 1950s. O'Malley tracked Newcombe down and brought him back into the organization. Today he heads the team's community relations department. Last season the Dodgers steered a 25-year-old pitcher, Bob Welch, into an alcohol rehabilitation program. Welch coauthored a book on the experience and today is pitching better than ever. It takes nothing away from the decency of such gestures to observe that attention to player morale also makes business sense.

The Dodger organization looks after wives and children, too, with special care. While most teams provide transportation to spring training only for players and employees, the Dodgers also fly wives and kids to Dodgertown. While their husbands are getting their weight down, wives enjoy free tennis lessons, aerobic dancing classes, golf and, this spring, a trip to the Bahamas. The kids even get a Dodger "Christmas" party in March.

The Dodgers offer another perk no other team enjoys—their very own Boeing 720, worth a couple of million dollars when O'Malley bought it in 1970. While other ball players spend hours in airports waiting for planes, perhaps drinking too much, the Dodgers climb aboard promptly after a game and fly out. "It's our secret weapon," smiles O'Malley, who pays dearly for the privilege of wielding it. The average major league club budgets between $600,000 and $800,000 a season on travel and lodging. Because of the plane the Dodgers are spending more but think it's worth it. All-star first baseman Steve Garvey swears the plane is "worth two or three extra wins a year"—a critical margin in a tight pennant race.

Peter O'Malley's management and marketing strategies have been dismissed by one critic, who still hasn't forgiven the club for leaving Brooklyn, as "middle-American, white bread." Visitors to Dodger Stadium, he points out, are not likely to hear a soloist sing the national anthem in a jazzed-up fashion. The team has no mascot standing on the dugout leading cheers. Management won't show a close call against the Dodgers on the instant-replay scoreboard for fear it might incite the crowd and anger the umpires. Tom Lasorda has even flatly banned beards and long hair on his players, and you won't see any in O'Malley's front office either.

All such signs merely amount to O'Malley's mania for

"You're not just an everyday 8-to-5 man"

"A ball player has got to be kept hungry to become a big leaguer," Joe DiMaggio once said. "That's why no boy from a rich family ever made it to the big leagues." DiMaggio's ball player is an American archetype. He's the kid who left high school to pay his dues in the minor leagues, playing in nowhere towns like Appleton, Oneonta, Elmira, enduring dim lights, lumpy fields, fast food and long bus rides, dreaming of the day when he might bring a major league crowd to its feet with a no-hitter or a base-clearing double.

But more and more the Dodgers are dealing with a different type of athlete, more likely to be a middle-class college kid than a poor, functional illiterate of an earlier time. Consider Paul Voigt, a rosy-cheeked, 6-foot-2-inch pitcher from Long Island. Voigt, 23, has a good curveball. But he also has a degree in electrical engineering from the University of Virginia. When he wasn't throwing breaking stuff in the minors last season, Voigt was working with Sperry computers designed for Trident submarines. After practice he spent time writing in his journal and occasionally reading Poe or Thoreau, habits that inspired teammates to nickname him College Joe.

Pitcher Paul Voigt

Last winter Voigt was traded from the Minnesota Twins organization to the Dodgers. Instead of playing for the Twins' Visalia, Calif. farm club (class A), where he was 17-6, he will probably pitch for the Dodgers in San Antonio class AA or Albuquerque class AAA. "Right now, realistically I don't have much of a chance to make the big league ball club," Voigt says. "Maybe I'll make it in a year or two."

Voigt's example shows why many young players are thrilled to leave a threadbare organization to play for the Dodgers. In the Twins training camp, he says, he ate powdered eggs for breakfast, chopped meat for dinner, usually in an airport motel. The pay, about $600 a month, kept him eating peanut butter and jelly sandwiches during the season. He also had to wash his own uniform, even on the road.

The Dodger training camp is a different story. "Crab, prime rib or T-bone every night," Voigt glows. He doesn't have to wash his own uniforms, and the pay is about 50% better. He'll earn $900 a month during the five-month season.

But there's a sharp tradeoff between playing for the lowly Twins, a talent-short organization, and for the Dodgers, a team Voigt describes as congested with coaching and playing talent. "I've learned more in one week of Dodger spring training than I learned in 2½ years with the Twins," Voigt says.

But here's the tradeoff. Last year in Visalia one of Voigt's teammates, first baseman Ken Hrbek, was handed a ticket to New York, where the next night he got into the game for the Minnesota Twins and blasted a 12th-inning home run to down the mighty Yankees. That's not likely to happen to Voigt this year.

Voigt, whose father works for Sperry Rand and whose mother is a nurse, isn't worried about the uses of poverty according to DiMaggio. "People look up to a ball player. You're not just an everyday 8-to-5 man."—J.M.

Scorecards

When it comes to drawing paying customers through their gates, the Dodgers are in a class by themselves. Barring earthquake or economic collapse, Los Angeles has hopes of drawing 3.5 million customers this season, which would break the major-league attendance record set by the Dodgers—who else?—in 1978.

National League attendance, 1980

Team	Total attendance	Average home attendance	Stadium capacity	Attendance as % of capacity
1 **Los Angeles**	3,249,287	40,115	56,000	71.6%
2 **Philadelphia**	2,651,691	33,996	64,564	52.6
3 **Houston**	2,281,217	29,208	45,000	64.9
4 **Montreal**	2,226,059	29,442	58,870	50.0
5 **Cincinnati**	2,022,450	26,611	52,495	50.7
6 **Pittsburgh**	1,646,757	22,253	54,449	40.9
7 **St. Louis**	1,395,397	17,314	49,832	34.7
8 **Chicago**	1,192,070	15,879	37,241	42.6
9 **New York**	1,185,203	15,658	54,401	28.8
10 **San Diego**	1,139,026	14,603	47,000	31.1
11 **San Francisco**	1,095,167	14,053	58,255	24.1
12 **Atlanta**	1,044,412	13,616	52,785	25.8

Source: Office of the Commissioner of Baseball

American League attendance, 1980

Team	Total attendance	Average home attendance	Stadium capacity	Attendance as % of capacity
1 **New York**	2,627,417	33,258	56,895	58.5%
2 **California**	2,296,827	28,362	65,193	43.5
3 **Kansas City**	2,288,714	28,609	40,635	70.4
4 **Boston**	1,922,251	24,761	33,549	73.8
5 **Milwaukee**	1,857,408	24,122	53,616	45.0
6 **Baltimore**	1,802,088	22,468	53,196	42.2
7 **Detroit**	1,780,293	23,491	52,107	45.1
8 **Toronto**	1,414,362	18,671	43,700	42.7
9 **Chicago**	1,200,364	16,005	44,796	35.7
10 **Texas**	1,198,175	15,561	41,284	37.7
11 **Cleveland**	1,033,827	14,359	75,708	19.0
12 **Oakland**	842,259	11,230	50,219	22.4
13 **Seattle**	836,205	10,453	59,438	17.6
14 **Minnesota**	769,206	10,537	45,919	22.9

assuring a Disneylike atmosphere for the paying fans. Yet there is no evidence that this preoccupation with the "family touch" has ever interfered with cold-blooded business decisions any more today than in Walter's day. Player personnel vice president Al Campanis, who handles trades, once dealt his own son, a catcher, away from the Dodgers. "I didn't think he was good enough to make our ball club," Campanis says dryly.

The toughest decisions these days, of course, involve players' money demands. Any major league ball club good enough to have a shot at its league championship has a player payroll of at least $6 million. For some big spenders—the Yankees, the Angels and the Astros come to mind—the total player payroll approaches $10 million.

Talking about the problem, O'Malley sounds rather like a manufacturer determined to be the low-cost producer in his market. "With salaries today getting as high as they are," O'Malley says, "if you have confidence in a younger player coming up, you're much better off to go with him than the 35-year-old veteran." That's because hungry kids work cheaper than confident old pros.

This year the Dodgers face an especially tough test of that philosophy when the six-year, reported $360,000-a-year contract of Steve Garvey comes up for renewal. On the open market Garvey is worth at least $1 million a year. Though Garvey is something of a Dodger legend already, O'Malley has some leverage—two strong first basemen waiting in the minor league wings. That's another good reason to have a strong minor league organization.

Perhaps the most difficult test of O'Malley's determination has been the Fernando Valenzuela standoff. Valenzuela, the 21-year-old Mexican pitching sensation who came out of nowhere last year to win 13 games in the regular (strike-shortened) season and one more in the World Series, was on a $42,500, first-year contract. The left-hander held out for a second year at $850,000. The Dodgers, trying to avoid fracturing their entire pay scale, offered Valenzuela $350,000. After a three-week holdout, Valenzuela, a second-year player with no real bargaining rights, gave up and joined the team on Mar. 23.

Even as they haggled, the Dodgers' management strategy was at work. While Valenzuela's agent deliberately generated headlines, O'Malley remained nearly silent. As O'Malley saw it, Valenzuela's biggest, most salable asset, aside from his wicked screwball, was his image as a poor, innocent Mexican youth who, the public wants to believe, has no earthly interests except winning ball games. Remaining as quiet and unprovocative as possible, O'Malley hoped to make the dispute no worse than it had to be. Meantime, he believed that Valenzuela's own agent, if not the kid himself, would recognize the risks involved to the Fernando image and retreat from the $850,000 figure.

Though the Valenzuela episode was trouble enough, there's more to come. The Dodgers have six important contract renewals coming up in the next two years, all similar to Garvey's. These alone could easily raise O'Malley's payroll $5 million if he were to pay free-market rates—not an easy pill to swallow when your estimated revenues are about $30 million to $35 million and you have earned a reputation for giving your customers good value. This year O'Malley raised ticket prices for only the third time since the Dodgers moved to Los Angeles. Top seat in the house is $6 and parking is still $2. That's about a third of what a ticket to a Los Angeles professional basketball game costs, and less than half the parking fee at a pro football game.

Few players are inclined to believe any owner when he talks money. Listen to Garvey, a Florida native so admired that he already has a junior high school in Lindsay, Calif. named for him. "I really don't buy reports that a number of teams are losing money," he says, "because all of a sudden those teams come up with money to sign free agents." Garvey has a point. This winter a handful of players, on average no better than Garvey, signed contracts ranging up to $2 million a year.

In light of all these problems, O'Malley's management style looks especially well-suited to the times. Investing heavily in his scouting efforts and in his farm system doesn't guarantee that O'Malley will win all his salary battles, but it surely positions him, at the very least, to cave in more slowly than his competitors. Management by tantrum in the Steinbrenner style, with its quick payoffs in headlines and ego rewards, may be where baseball is headed. But O'Malley's management by thought is surely where it ought to be going. ■

Henry Kaufman is Wall Street's favorite sage right now, but we lean toward what you might call the Wally Cox approach.

Will the bad apples spoil the entire barrel?

By Ben Weberman

IT'S KIND OF LIKE the old Wally Cox nightclub routine. He buys the *New York Times* every day but instead of reading it puts the paper in a drawer. Makes him feel good when he takes the paper out a couple of weeks later and finds out that some particular bad news is behind him.

We are not joking. FORBES thinks it might be smart to forget the dreadful headlines about banking for a while. The direr prognostications aren't going to come to pass. A few losers have been signaled by the rating agencies.

The news sure sounds bad. Chase Manhattan Corp. had $907 million in "nonperforming" loans on Dec. 31, J.P. Morgan & Co. Inc. $377 million of these loans, BankAmerica Corp. $1.223 billion. "Nonperforming" is a euphemism for bad loans. There haven't been so many of these rotten apples in the barrel since the height of the 1975 realty lending disaster.

Why then aren't we worrying? Chiefly because the banks saw what was coming and provided for it in their reserves for bad loans. Chase had $541 million of reserves set aside on Dec. 31 to cover loan chargeoffs, Morgan had $301 million and BofA had $613 million. So, if Morgan collects even 50 cents on the dollar, its reserve will be more than adequate; in the most unlikely event that the loans turn out to be totally worthless, Morgan would have to take only relatively minor further writeoffs.

"Bank managements have indicated they feel comfortable with current levels of nonperforming assets based on recent historic experiences," says Merrill Lynch vice president and bank analyst James Wooden. "While the level of nonperforming assets grew substantially in the fourth quarter of 1981, hardly any bank has a ratio that approaches the horrible experience of year-end 1975." By contrast to a typical 1.9% of total loans in the nonperforming category at the end of 1981, the ratio was 5.1% in 1975.

While the public and analysts tend to focus on the quality of credit as a major question for banking in the year ahead, the bankers tend to place more emphasis on the risks they have been subjected to by widely

A few superlatives

Performance highlights, drawn from the tables on the following pages.

Biggest–fastest			Smallest–slowest	
BankAmerica (Cal)	$121,158	Total bank assets[1]—1981	United Jersey Banks (NJ)	$2,814
Republic New York (NY)	35.6%	Growth of assets[2] Industry median: 12.6%	First Pennsylvania (Pa)	–4.8%
State Street Boston (Mass)	73.0%	Growth of earnings per share[2] Industry median: 14.5%	Equimark (Pa)	P–D
Allied Bancshares (Tex)	25.2%	Four-year return on equity Industry median: 14.5%	First Pennsylvania (Pa)	–8.4%
First National Bncp (Colo)	7.90%	Net interest margin–1981 Industry median: 4.62%	Bank of Tokyo Trust (NY)	1.47%
JP Morgan (NY)	$35,200	Value of managed trust assets[1]	Marine Midland (NY)	$2,812
Financial Corp of Amer (Cal)	1.83%	S&Ls' spread between earning assets and cost of funds	United Financial (Cal)	–2.72%

[1] Dollar value in millions. [2] Compounded annual rate 1977/81. P–D: Profit to deficit.

1982 ANNUAL BANKING SURVEY

100 largest bank holding companies: a statistical profile

Rank	1981 size measures ($millions) Total assets	Total deposits	% domestic demand deposits	Total loans	Loan loss res as % of loans	Total investments	Standby letters of credit	Total capital	Long-term debt % capital	Total operating income	Net income[4]	Company and headquarters
1	$121,158	$94,369	13.9%	$71,850	0.9%	$6,588	$4,600	$5,888	30.5%	$15,085	$445.4	**BankAmerica (Cal)**
2	119,232	72,125	10.5	77,712	0.8	6,519	14,018	12,743	66.1	18,275	555.0	**Citicorp (NY)**
3	77,839	55,300	16.4	51,001	1.1	3,821	4,400	4,513	33.6	10,651	443.9	**Chase Manhattan (NY)**
4	59,109	42,462	21.3	37,774	0.9[5]	3,011	4,148	3,122	38.6	7,393	212.5	**Mfrs Hanover (NY)**
5	53,522	36,024	18.9	28,521	1.1[5]	5,030	4,100	2,946	17.8	6,778	374.5	**J P Morgan (NY)**
6	46,972	29,594	16.3	32,054	1.0	2,169	4,304	2,573	33.5	6,287	260.3	**Continental Illinois (Ill)**
7	44,917	29,430	25.7	28,058	1.1	2,911	3,743	2,077	25.3	5,658	215.2	**Chemical New York (NY)**
8	36,982	27,407	31.4	21,056	1.4	4,342	1,106	2,276	29.8	4,319	246.5	**First Interstate Bncp (Cal)**
9	34,213	23,345	19.8	16,715	1.2[5]	1,961	3,511	1,597	16.7	4,656	192.2	**Bankers Trust NY (NY)**
10	33,562	25,555	13.7	20,205	1.0[5]	1,528	2,604	1,710	25.6	4,326	122.1	**First Chicago (Ill)**
11	32,999	23,446	23.0	21,743	1.1[5]	1,773	1,444	2,328	43.2	4,219	207.2	**Security Pacific (Cal)**
12	23,219	16,854	21.5	17,083	0.9	1,211	466	2,197	53.5	3,306	125.9	**Wells Fargo (Cal)**
13	22,494	16,495	19.7	14,124	1.2	1,096	1,194	1,256	16.9	2,654	62.2	**Crocker National (Cal)**
14	18,682	14,096	18.6	10,920	1.2	1,092	839	1,216	32.4	2,484	87.3	**Marine Midland Banks (NY)**
15	18,448	11,838	24.3	9,924	1.5	1,376	581	1,439	32.1	2,246	126.0	**Mellon National (Pa)**
16	18,227	14,006	27.8	9,957	1.4[5]	1,354	633	906	27.5	2,390	97.1	**Irving Bank (NY)**
17	17,318	12,559	27.9	9,952	1.2	2,359	846	1,248	31.6	2,070	171.7	**Interfirst (Tex)**
18	16,809	11,020	20.5	9,203	1.3	1,417	569	1,239	33.8	2,948	118.3	**First Natl Boston (Mass)**
19	15,141	11,386	25.4	8,726	1.1	2,418	358	1,341	34.1	1,904	125.1	**Northwest Bancorp (Minn)**
20	14,911	11,023	25.1	7,920	1.0	2,233	415	1,212	29.5	1,790	107.1	**First Bank System (Minn)**
21	14,512	10,529	34.8	7,773	1.4	1,928	274	801	11.0	1,583	140.9	**Texas Comm Bancshs (Tex)**
22	14,441	10,086	26.9	7,866	1.2	1,984	467	920	21.8	1,749	123.6	**Republic of Texas (Tex)**
23	14,291	10,859	28.2	7,445	1.3	2,093	550	788	9.7	1,580	133.1	**First City Bancorp (Tex)**
24	12,145	8,656	25.1	5,666	1.3	1,599	88	823	15.2	1,380	69.1	**NBD Bancorp (Mich)**
25	11,463	8,080	26.0	6,970	0.7	1,064	311	554	19.8	1,495	58.0	**Bank of New York (NY)**
26	10,747	8,149	22.6	7,091	1.2	539	207	685	17.2	1,425	78.5	**Seafirst (Wash)**
27	8,146	5,866	24.0	5,258	1.0	495	650	466	28.0	1,139	32.4	**European American[6] (NY)**
28	7,724	5,223	23.5	3,801	1.2	1,044	164	571	24.3	979	59.6	**NCNB (NC)**
29	7,707	5,251	8.0	2,855	1.8	984	33	580	39.2	1,068	73.7	**Republic New York (NY)**
30	7,488	4,574	33.6	3,953	0.9	540	365	361	0.3	939	33.4	**Harris Bankcorp (Ill)**
31	6,935	4,441	26.4	3,496	1.3	1,221	286	480	19.0	867	64.4	**Pittsburgh Natl (Pa)**
32	6,895	5,206	39.7	4,153	1.1	819	216	384	14.3	891	29.4	**Union Bank[6,7] (Cal)**
33	6,870	4,721	34.4	4,323	1.6[5]	845	293	475	23.8	833	66.8	**Mercantile Texas (Tex)**
34	6,453	4,970	31.1	3,133	1.4	919	79	561	30.9	817	49.3	**Southeast Banking (Fla)**
35	6,297	4,403	40.5	3,364	1.2	648	122	484	27.3	779	39.6	**Philadelphia Natl (Pa)**
36	6,266	4,488	31.6	3,313	1.2	659	80	413	3.7	721	66.2	**Wachovia (NC)**
37	6,257	2,080	39.1	4,444	2.1	328	115[8]	1,244	68.0	943	10.5	**Walter E Heller Intl[9] (Ill)**
38	6,238	4,314	28.2	3,425	1.1	523	287	348	8.6	849	38.1	**Northern Trust (Ill)**
39	6,229	5,109	20.9	3,987	0.7	783	52	453	21.7	759	37.7	**Michigan National (Mich)**
40	6,154	4,786	18.5	2,738	1.1	1,161	55	362	7.6	696	36.0	**DETROITBANK (Mich)**
41	6,136	5,027	28.8	3,882	1.1[5]	811	102	380	0.0	760	57.1	**Valley National (Ariz)**
42	5,969	4,726	24.0	3,558	1.1[5]	605	110	371	4.6	768	20.5	**Natl Bank of N Amer[6,7] (N**
43	5,819	4,318	23.5	3,490	1.1	468	99	395	15.8	723	42.8	**Ranier Bancorp (Wash)**
44	5,656	3,934	26.5	3,626	0.9	714	65	635	34.9	669	65.1	**U S Bancorp (Ore)**
45	5,530	4,079	23.6	3,004	1.2	1,105	48	566	0.0	643	60.1	**AmeriTrust (Ohio)**
46	5,511	4,157	25.5	2,807	1.0	980	102	340	7.8	619	33.1	**BancOhio (Ohio)**
47	5,504	4,453	34.9	2,833[5]	1.5[5]	1,385	27	474	26.2	591	45.5	**Barnett Banks of Fla (Fla)**
48	5,388	3,438	25.2	2,305	1.3	1,076	115	479	20.9	620	43.7	**National City (Ohio)**
49	5,335	3,537	33.7	2,679	1.1[5]	781	95	376	25.2	620	38.8	**Centerre Bancorp (Mo)**
50	5,297	3,261	24.1	2,566	1.5	984	49	329	25.9	595	41.8	**First Union (NC)**

[1] Four-year average is a compounded annual rate: 1977/81. [2] From continuing operations after security gains or losses excluding gain on sale of operations and extraordinary items. [3] Net interest income on a tax-equivalent basis as a percent of average earning assets. [4] From continuing operations before security gains or losses excluding gain on sale of operations and extraordinary items.

Growth measures[1]							Profitability & cost measures			Stock data			
Average assets		Equity per share		Earnings per share[2]		Dividend	Return	Net int	Overhead				
4-year average	1981 vs 1980	4-year average	1981 vs 1980	4-year average	1981 vs 1980	4-year average	on equity 4-yr avg	margin[3] 1981	times NI 1981	Recent price	1981 EPS[2]	P/E ratio	Current yield
12.1%	8.4%	10.7%	4.4%	2.7%	−31.1%	14.6%	17.0%	3.11%	6.0	17	$ 3.02	5.6	8.9%
14.1	8.2	10.0	7.7	8.9	4.5	10.2	15.0	2.60	5.5	25⅝	4.20	6.1	6.1
12.1	9.8	10.0	11.5	31.8	13.9	9.0	14.6	3.25	3.9	55⅞	11.56	4.8	6.1
15.6	15.9	8.6	8.1	4.7	−10.2	9.1	14.0	2.88	5.2	31⅝	6.17	5.1	9.2
15.7	8.8	10.8	10.1	12.2	1.3	11.6	15.6	2.43	1.8	53⅝	8.44	6.4	6.3
17.5	11.2	11.0	11.4	12.5	12.0	10.7	16.2	2.46	2.5	27½	6.44	4.3	7.3
10.5	11.3	7.7	9.2	16.7	11.7	6.3	13.6	3.35	4.6	34⅝	8.28	4.2	8.3
12.8	11.7	12.0	10.7	15.6	2.3	17.8	17.0	4.61	4.7	29½	5.83	5.1	6.9
10.2	7.8	9.4	10.1	29.4	−4.4	5.4	15.3	2.78	3.4	30⅞	6.89	4.5	6.6
9.6	5.4	5.2	5.6	0.9	88.6	5.5	9.4	2.13	4.5	19⅛	2.98	6.4	6.3
15.0	15.2	11.7	12.3	15.7	7.6	14.4	17.2	3.83	4.6	32⅝	7.05	4.6	6.7
14.5	9.8	9.5	6.1	7.9	0.0	15.2	15.3	3.85	6.0	22	5.33	4.1	8.7
13.9	13.7	11.5	15.9	−2.0	−40.5	9.1	14.0	4.27	10.1	28½	4.02	7.1	8.4
13.8	11.4	5.6	7.9	28.0	22.2	6.1	8.6	3.56	5.3	23	4.24	5.4	5.4
14.8	15.5	8.1	8.2	13.2	2.6	11.0	12.6	3.22	2.6	35⅛	5.88	6.0	6.4
12.8	10.8	10.8	12.4	20.8	13.6	9.4	15.4	3.56	4.1	43½	11.0[illegible]	3.9	7.7
14.6	15.7	13.7	13.9	17.7	15.1	19.2	18.9	4.80	2.2	21⅞	3.21	6.8	5.0
13.3	3.6	9.4	11.3	25.3	14.1	7.4	14.3	4.37	4.2	41⅜	9.38	4.4	7.0
12.3	8.6	9.8	6.8	6.7	−12.3	13.0	15.2	4.25	4.5	22½	3.85	5.8	7.3
14.0	12.7	10.1	7.4	7.3	−14.0	11.1	15.1	3.90	3.7	31	6.38	4.9	8.5
18.1	22.4	16.1	18.4	23.8	29.0	13.7	20.3	4.82	1.8	34¼	4.49	7.6	3.2
17.7	15.9	12.5	13.7	24.7	28.1	15.0	17.0	4.07	2.3	27½	5.01	5.5	5.4
16.5	21.2	13.9	15.8	22.9	28.3	18.9	18.5	4.88	2.3	26¾	4.22	6.3	4.5
9.8	12.8	7.9	5.5	2.6	−12.7	7.4	12.3	3.42	3.8	21¾	5.31	4.1	9.6
20.2	11.5	6.6	7.2	14.5	13.5	7.1	13.4	3.56	5.1	40	8.50	4.7	8.0
15.8	13.6	12.0	11.7	12.7	10.0	13.1	16.2	4.94	4.3	25¾	4.93	5.2	5.6
14.2	11.6	13.1	7.1	36.5	8.1	—	9.5	3.28	5.4	—	—	—	—
12.6	11.7	11.1	11.0	18.3	4.3	12.1	15.5	4.03	3.4	13½	2.66	5.1	6.5
35.6	27.7	19.0	20.8	29.5	8.7	37.7	23.3	3.84	2.0	33⅞	5.60	6.0	4.1
8.1	3.5	5.5	6.0	−0.6	−2.9	7.4	9.2	2.92	6.0	26½	4.38	6.1	8.3
18.1	14.2	9.6	10.5	16.7	19.0	13.7	15.1	3.94	2.5	26⅝	4.63	5.8	6.5
9.9	7.2	9.6	5.4	10.4	−8.7	—	11.8	4.69	7.8	—	—	—	—
17.3	18.6	15.1	17.4	15.2	23.2	13.6	20.2	5.33	2.5	22⅞	3.67	6.2	4.9
14.6	17.7	8.9	6.7	29.5	−2.5	25.7	14.8	4.90	4.5	15	3.15	4.8	6.7
8.5	2.6	7.4	5.5	10.2	−11.0	8.6	11.9	4.61	5.6	30	6.13	4.9	10.3
12.1	8.6	9.8	9.7	12.6	5.9	17.3	14.2	5.45	3.6	22¾	3.23	7.0	5.5
10.0	6.2	7.0	1.8	−24.5	−76.5	7.9	11.3	4.95[8]	3.1[8]	17	0.85	20.0	7.6
11.1	10.4	7.4	7.4	9.4	12.3	9.1	11.1	3.42	4.7	38¼	7.31	5.2	7.1
9.9	7.5	11.4	7.8	1.6	−5.4	16.9	15.1	4.85	5.6	18¼	3.51	5.2	6.6
11.8	10.9	8.0	4.4	−0.2	−10.5	13.6	12.6	3.27	4.5	22⅝	3.75	6.0	8.8
14.1	11.8	13.9	12.3	17.3	−7.7	16.7	18.7	4.89	4.1	17⅜	3.24	5.4	6.7
14.3	10.6	9.7	21.6	3.2	−16.9	—	6.0	4.02	13.7	—	—	—	—
12.8	7.8	10.9	10.0	9.4	8.9	15.1	15.1	5.35	4.7	21⅜	4.52	4.7	7.0
11.0	12.4	13.6	12.8	14.0	11.8	13.7	18.2	5.71	2.5	19⅜	3.60	5.4	5.2
5.7	−1.6	6.5	6.0	5.3	11.9	11.1	11.3	5.03	2.6	27¼	6.29	4.3	10.0
7.9	3.5	5.1	7.2	1.5	244.4	−7.9	8.6	4.72	6.5	13¼	3.41	3.9	7.5
15.8	15.9	11.7	12.8	26.4	5.4	15.9	15.9	5.85	4.9	20⅜	3.11	6.6	4.7
12.2	2.0	7.8	5.1	−1.5	−14.4	9.0	14.1	3.86	3.1	27¼	5.11	5.3	10.1
12.3	16.2	8.5	8.1	10.1	7.7	8.5	13.5	4.32	3.7	20½	4.61	4.4	8.8
14.8	18.1	8.4	7.8	18.7	−13.2	6.6	15.4	4.62	5.3	18⅝	3.04	6.1	6.0

[5] Includes leases. [6] Company not publicly traded; stock data not available. [7] Bank only, not organized as a holding company. [8] Bank only. [9] Includes results of nonbank operations where applicable. P–D: profit to deficit. D–P: deficit to profit. D–D: deficit to deficit. def: deficit.

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Rank	Total assets	Total deposits	% domestic demand deposits	Total loans	Loan loss res as % of loans	Total invest-ments	Standby letters of credit	Total capital	Long-term debt % capital	Total operating income	Net income[4]	Company and headquarters
51	$5,257	$3,525	30.3%	$3,089	1.6%	$942	$ 84	$886	75.5%	$718	$-5.2	First Pennsylvania (Pa)
52	5,253	3,958	35.8	2,747	1.3	764	112	324	14.8	601	43.8	Southwest Bancshs (Tex)
53	5,225	4,057	24.2	3,104	1.0	916	93	305	16.6	627	6.3	Manufacturers Natl (Mich)
54	5,138	3,507	33.4	2,236	1.2	733	113	371	25.8	575	42.3	Mercantile Bancorp (Mo)
55	4,915	3,566	41.1	2,691	1.6[5]	672	21	340	14.7	592	45.2	Citizens & Sthrn Ga (Ga)
56	4,782	3,266	32.0	3,017	1.3	422	123	383	27.3	554	38.7	Girard (Pa)
57	4,726	3,501	29.3	2,810	1.1	693	124	304	24.2	588	28.2	First Wisconsin (Wisc)
58	4,501	3,159	27.2	2,484	1.2	454	62	380	25.6	517	38.9	Maryland National (Md)
59	4,443	3,418	27.2	2,129	1.5	472	81	272	21.8	592	29.6	New Eng Merchants (Mass)
60	4,441	3,600	35.3	2,659	2.0	783	160	324	17.0	530	62.9	Allied Bancshares (Tex)
61	4,223	2,720	15.8	2,301	1.6[5]	610	51	422	51.3	508	34.2	Industrial National (RI)
62	4,161	3,000	25.1	2,302	0.9	595	50	457	35.7	494	43.6	First Security (Utah)
63	4,105	3,115	37.1	2,163	1.1	756	43	253	16.9	457	30.6	First Natl St Bancorp (NJ)
64	4,077	3,214	34.7	2,095	1.5	547	37	273	20.6	424	33.1	Midlantic Banks (NJ)
65	4,062	3,497	25.5	2,712	1.0	543	103	259	28.8	488	16.3	California First Bk[7] (Cal)
66	4,043	3,072	34.0	2,199	1.2	656	64	324	24.3	481	40.9	Texas American Bshs (Tex)
67	4,033	2,910	25.1	1,720	1.4	1,094	29	267	14.3	438	25.1	Society (Ohio)
68	3,983	2,885	40.4	2,077	1.4	522	42	253	23.8	465	24.4	Shawmut (Mass)
69	3,973	3,255	9.6	2,177	0.9	553	103	265	14.3	527	9.3	Bank of Tokyo Trust[6] (NY)
70	3,926	2,842	30.7	2,787	1.2	491	152	341	27.5	466	38.8	United Virginia Bshs (Va)
71	3,924	2,453	29.8	2,213	1.4	331	84	251	24.5	503	11.9	BanCal Tri-State (Cal)
72	3,711	3,158	32.6	1,888	1.1	770	23	260	15.3	423	29.1	Sun Banks of Florida (Fla)
73	3,668	3,003	30.0	1,714	0.9	456	82	192	0.2	424	24.4	Riggs National (DC)
74	3,667	2,627	35.0	1,947	2.0[5]	407	123	264	29.3	423	26.4	Fidelcor (Pa)
75	3,645	3,117	22.5	2,103	1.5	898	41	255	37.4	316	15.9	First American Bank (Mich)
76	3,639	2,874	26.8	1,962	1.4	674	30	290	14.4	414	39.0	Banc One (Ohio)
77	3,576	2,452	42.7	2,015	1.3	417	113	219	22.8	429	27.2	CBT (Conn)
78	3,546	2,644	27.4	2,137	1.2	469	47	275	31.2	437	20.2	Lincoln First Banks (NY)
79	3,484	2,443	44.1	2,113	1.7	200	46	290	30.7	427	36.0	First Atlanta (Ga)
80	3,462	2,866	30.5	1,790	1.1	800	29	233	7.7	404	30.2	BayBanks (Mass)
81	3,460	2,409	50.1	1,817	2.3	488	37	262	16.9	424	49.3	Trust Co of Georgia (Ga)
82	3,388	2,248	43.9	1,209	1.9	674	56	233	29.3	406	23.1	State Street Boston (Mass)
83	3,312	2,197	34.0	1,608	1.6	599	100	278	14.2	393	36.8	Provident National (Pa)
84	3,296	2,419	43.2	1,861	1.1	407	79	240	23.0	391	28.6	United Banks of Colo (Colo)
85	3,214	2,487	29.3	1,824	1.4	559	63	258	30.3	380	29.2	Virginia Natl Bkshs (Va)
86	3,195	2,359	24.6	1,686	1.1	482	31	212	11.4	373	27.4	Huntington Bancshs (Ohio)
87	3,148	2,336	35.3	1,470	1.6[5]	574	36	241	18.6	377	26.9	First Tenn Natl (Tenn)
88	3,059	2,427	38.5	1,586	1.1	566	62	233	9.6	340	24.9	Fidelity Union Bancorp (NJ)
89	3,046	2,367	21.3	1,635	1.2[5]	363	71	194	4.0	370	27.1	American Security (DC)
90	3,023	1,948	34.3	1,546	1.5	329	142	245	21.1	332	30.5	First Oklahoma Bncp (Okla)
91	3,014	2,107	26.4	1,426	1.4	841	43	232	29.5	379	-12.1	Centran (Ohio)
92	2,993	2,228	22.0	1,600	1.2	623	63	111	34.2	349	-46.9	Equimark (Pa)
93	2,964	2,317	34.9	1,446	1.6	490	70	235	7.4	342	30.2	Commerce Bancshares (Mo)
94	2,943	1,957	27.0	1,472	1.2	337	44	172	1.6	344	15.6	American Fletcher (Ind)
95	2,927	2,248	35.8	1,590	1.6[5]	564	55	270	19.3	347	29.6	AmSouth Bancorp (Ala)
96	2,920	2,133	30.5	1,690	1.3[5]	267	38	206	19.8	355	24.1	First Maryland Bncp (Md)
97	2,919	2,028	44.9	1,688	1.5[5]	325	140	213	16.3	355	30.0	First Natl Bancorp (Colo)
98	2,829	2,030	21.7	1,796	1.1[5]	304	19	230	29.1	355	16.4	Bank of Virginia (Va)
99	2,826	2,256	59.4	1,439	1.2[5]	270	67	143	22.4	282	16.4	Hartford National (Conn)
100	2,814	2,120	37.4	1,520	1.3	521	26	184	28.3	292	16.7	United Jersey Banks (NJ)
			27.3		1.2				23.4			MEDIANS

[1] Four-year average is a compounded annual rate: 1977/81. [2] From continuing operations after security gains or losses excluding gain on sale of operations and extraordinary items. [3] Net interest income on a tax-equivalent basis as a percent of average earning assets. [4] From continuing operations before security gains or losses excluding gain on sale of operations and extraordinary items.

Growth measures[1]							Profitability & cost measures			Stock data			
Average assets		Equity per share		Earnings per share[2]		Dividend	Return on equity	Net int margin[3]	Overhead times NI	Recent price	1981 EPS[2]	P/E ratio	Current yield
4-year average	1981 vs 1980	4-year average	1981 vs 1980	4-year average	1981 vs 1980	4-year average	4-yr avg	1981	1981				
−4.8%	−18.8%	−12.5%	−0.7%	P–D	D–D	−100.0%	−8.4%	2.86%	—	2⅜	$−0.33	def	0.0%
16.8	23.1	10.1	13.8	19.3%	36.0%	11.7	15.0	5.08	2.8	23⅛	3.97	5.8	5.2
12.6	13.3	5.9	−1.7	−28.1	−76.8	10.7	11.1	3.22	22.3	13¾	1.26	10.9	8.7
10.7	5.8	9.5	11.7	16.6	12.3	3.0	15.9	3.69	2.7	26⅝	7.21	3.7	10.2
8.1	9.2	11.8	13.6	D–P	19.7	2.5	12.7	5.50	4.5	8⅛	1.46	5.6	5.9
2.8	−0.4	8.9	9.0	16.7	9.8	7.7	15.0	4.86	3.5	27¾	6.92	4.0	8.8
3.1	−3.0	6.9	9.0	20.4	−6.2	2.9	12.7	3.34	5.0	28⅛	6.65	4.2	7.1
8.2	3.9	10.0	10.6	17.0	15.0	10.3	13.8	6.03	3.8	22¼	4.92	4.5	5.2
15.0	16.9	9.9	12.0	17.8	15.2	10.7	14.8	4.44	4.6	30½	6.30	4.8	7.7
24.6	24.5	20.3	22.9	28.7	35.4	28.3	25.2	6.79	1.8	22⅝	3.02	7.5	3.5
10.9	6.1	9.9	11.4	17.4	16.0	10.1	16.2	4.59	3.5	27⅛	5.30	5.1	7.4
10.1	10.7	11.6	10.4	6.7	1.6	8.4	16.4	4.89	3.0	17	3.23	5.3	11.8
12.3	28.6	4.8	10.2	16.5	16.7	2.4	13.3	4.81	4.2	23⅝	5.66	4.2	9.3
15.9	14.7	7.2	10.3	31.2	11.9	6.3	18.6	5.87	3.9	21¾	6.48	3.4	8.1
12.7	10.6	9.7	6.3	6.3	−15.5	6.0	14.1	4.27	8.3	15⅛	2.68	5.6	7.1
13.7	14.1	11.8	13.4	19.3	26.3	18.0	15.8	5.49	2.8	26¼	4.52	5.8	5.0
12.0	12.3	7.2	8.7	1.7	−9.5	12.5	12.5	3.93	4.6	15¼	3.53	4.3	10.0
7.4	8.4	7.3	8.4	28.1	19.1	17.0	10.4	5.02	6.1	25¾	5.17	5.0	6.7
16.6	10.6	11.2	20.9	−4.6	−24.6	—	7.3	1.47	3.2	—	—	—	—
7.7	10.2	10.7	9.9	19.3	11.0	14.1	15.9	5.51	3.8	35	6.47	5.4	6.4
4.7	4.6	3.6	1.9	6.1	−37.6	18.4	9.1	3.69	11.9	26	2.27	11.5	4.6
16.4	12.6	8.5	7.5	24.3	−2.4	11.0	13.5	5.30	5.2	17⅞	2.46	7.3	5.6
16.7	20.4	8.7	8.4	12.7	0.0	8.1	14.2	4.32	3.4	24¾	4.07	6.1	7.3
0.4	10.2	3.5	14.9	15.9	114.1	−25.2	4.6	4.75	4.3	25½	5.01	5.1	3.9
18.6	34.2	8.6	5.7	1.6	−21.3	10.7	14.1	4.31	6.4	14½	3.03	4.8	9.1
14.9	17.5	11.1	8.5	14.2	14.3	13.1	18.0	6.08	3.0	36¾	4.95	7.4	4.9
10.1	7.8	8.4	10.5	24.0	20.2	10.1	14.4	5.75	4.7	22	4.77	4.6	6.8
5.1	6.9	4.9	4.8	8.4	14.4	1.6	11.4	4.76	6.7	22	4.84	4.5	9.1
9.1	12.4	9.0	13.5	23.7	39.6	8.7	14.4	7.53	4.3	16¼	3.14	5.2	5.4
9.7	11.9	9.9	10.6	23.0	13.2	10.1	14.7	6.19	4.8	52½	9.98	5.3	6.9
11.9	9.8	14.3	17.8	36.5	29.2	15.0	20.3	7.60	3.3	28½	4.51	6.3	4.5
12.6	13.6	11.9	14.4	73.0	34.3	7.1	13.6	4.98	4.7	70½	12.53	5.6	4.3
12.9	16.0	9.3	13.1	39.7	34.9	9.9	15.1	4.36	2.3	51¼	9.19	5.6	5.6
15.8	17.8	10.9	12.7	9.7	5.4	8.7	15.6	6.30	4.4	17¾	2.75	6.5	5.6
7.4	10.7	9.7	10.5	16.2	30.7	10.9	15.9	6.41	4.7	17¼	3.83	4.5	8.1
13.7	14.0	10.8	11.2	15.3	15.2	9.8	15.3	5.27	3.7	22	5.24	4.2	6.7
9.2	8.8	9.5	8.5	16.6	5.0	19.6	14.5	5.37	4.4	14	2.73	5.1	7.7
17.3	15.3	5.9	3.4	9.9	3.7	3.9	12.3	5.75	4.6	22⅞	6.53	3.5	12.2
18.1	12.5	9.9	9.8	10.7	9.4	7.0	15.3	4.32	2.3	36½	7.24	5.0	7.1
19.0	23.0	11.7	13.4	21.8	−1.9	24.5	15.5	5.04	2.4	18⅛	2.53	7.2	3.3
11.2	−1.9	2.1	−13.7	P–D	P–D	−5.8	7.0	2.20	—	17	−5.71	def	2.4
4.5	0.9	−13.8	−43.1	P–D	P–D	−4.9	−6.5	2.49	—	5	−11.10	def	0.0
11.2	4.6	6.7	1.8	−13.6	−61.4	7.9	11.1	5.91	8.9	26	2.17	12.0	7.1
5.9	4.2	9.1	6.1	4.4	−18.8	2.9	12.9	3.32	5.3	13½	3.38	4.0	9.8
9.5	4.6	9.9	9.2	10.1	3.9	8.1	15.6	5.53	3.5	19⅛	4.00	4.8	8.4
13.4	16.0	3.4	10.2	15.3	10.2	9.0	14.3	5.28	4.0	19½	4.55	4.3	7.2
9.6	8.4	10.4	10.6	19.1	27.8	10.4	15.6	7.90	4.3	26½	5.34	5.0	5.3
8.6	8.8	4.7	4.0	1.1	19.6	7.2	10.6	5.22	6.3	15⅜	2.68	5.7	7.5
5.5	2.5	10.2	10.3	46.2	16.9	14.2	13.2	5.26	6.2	18¼	5.67	3.2	9.9
4.4	4.9	6.7	7.5	14.5	7.8	2.3	12.8	4.71	5.4	11¼	2.90	3.9	10.0
12.6	**10.9**	**9.7**	**9.9**	**14.5**	**8.7**	**10.1**	**14.5**	**4.62**	**4.3**			**5.2**	**6.9**

Includes leases. [6]Company not publicly traded; stock data not available. [7]Bank only; not organized as a holding company. [8]Bank only. [9]Includes results of onbank operations where applicable. P–D: profit to deficit. D–P: deficit to profit. D–D: deficit to deficit. def: deficit.

fluctuating interest rates. This makes it difficult for banks to retain their traditional spread—that is, the difference between what they pay for money and what they lend the money for. As a consequence, banks are moving away from the prime rate concept and into what is described as "spread" pricing. Banks are no longer arranging fixed-rate loans if they can be avoided.

Chase Manhattan, for example, has only $11.6 billion of its domestic and foreign loans priced on a fixed basis, while $36 billion of credits at the end of 1981 were carrying *variable* rate interest charges. The chief exception to variable rates was loans for residential mortgages and personal installment credit.

Meanwhile, banks are determined to find greater profits in other fee-based activities. Willard C. Butcher, chairman of Chase Manhattan, adds that his bank is responding to pressure on loan spreads emphasizing nonloan income. "We've focused on trade banking, information services, money transfer and specific trust and consumer banking services."

For Chase, fee-based income rose 21% last year, following a 22% gain in 1980. Fees brought in $474 million last year—without the need for much capital or use of assets—and accounted for 69% of Chase profits.

Citicorp's 38% increase in fees to $1.6 billion includes substantial revenues from $14 billion in letters of credit outstanding on Dec. 31. These L/Cs represent the bank's guarantee of a loan made by someone else. For $150 million in fees Citibank provides a credit judgment without tying up its own assets. The risk is great and well rewarded if correct. Or considerably expensive if wrong.

And the banks are plenty worried about competition. James D. Robinson III, chairman of American Express Co., one of the competitors, thinks of it this way: "By the end of the decade, a typical consumer may have a stockbroker in California, a banker in New York, an insurance agent in Maryland and a real estate agent jetting back and forth from Chicago to Boston—all charging their fees on the American Express Card."

Bankers are still barred from any of these activities, but they are lobbying hard to do everything that American Express can do. To some readers this may seem like rearranging the deck chairs while the Titanic slants into the sea—worrying about competition when survival may be at stake. But bankers see it differently: Like Wally Cox, they may be right. ■

The 50 largest trust operations

The 50 giant trust operations below managed over $377 billion in 1981, an increase of barely 1% over 1980. Hindered by a 9% decline in the DJI, 21 of the 50 companies ranked experienced a decline in trust assets managed. Among the top five, J.P. Morgan was down 2.5%, Citicorp down 24.7% and Manufacturers Hanover down 2.1%.

		Market value of trust assets*		Trust department revenues		
1981 rank	Company	1981 (millions)	% increase over 1980	total (thousands)	% change from 1980	% of total operating revenues
1	J P Morgan	$35,200	–2.5%	$164,294	11.3%	2.4%
2	Citicorp	19,812	–24.7	126,422	15.7	0.7
3	Bankers Trust	19,487	10.2	74,708	17.9	1.6
4	Mfrs Hanover	17,898	–2.1	73,334	14.3	1.0
5	Provident National	15,918	52.5	33,047	25.3	8.4
6	Chase Manhattan	12,528	11.9	88,619	20.3	0.8
7	Continental Illinois	12,458	31.8	53,600	19.6	0.9
8	Mellon National	12,369	–2.1	31,492	11.5	1.4
9	Harris Bankcorp	11,576	7.4	41,878	7.8	4.5
10	Northern Trust	10,767	17.7	58,838	20.5	6.9
11	BankAmerica	10,067	8.6	68,300	12.9	0.5
12	Chemical New York	9,737	7.1	65,072	16.3	1.2
13	Wells Fargo	9,478	3.3	38,713	17.8	1.2
14	U S Trust	9,179	–3.9	61,124	16.9	23.6
15	Wilmington Trust	8,515*	0.9	14,882	20.8	7.9
16	Crocker National	8,046	–3.0	36,088	15.1	1.4
17	First Bank System	8,001	–3.4	36,692	10.6	2.0
18	First Interstate Bnp	7,455	–13.9	49,152	11.2	1.1
19	First Chicago	6,822	–28.9	45,834	3.7	1.1
20	Interfirst	6,700	24.1	25,400	29.6	1.2
21	First National Boston	6,573	–16.0	44,874	10.6	1.5
22	Bank of New York	6,279	–5.5	93,489	31.0	6.3
23	NBD Bancorp	6,235	–6.5	28,665	2.8	2.1
24	AmeriTrust	6,193	0.2	27,929	3.4	4.3
25	Girard	6,023	26.1	23,903	10.9	4.3
26	Capital Guardian Tr	5,549	–1.7	NA	NA	NA
27	Centerre Bancorp	5,485	0.8	20,406	15.4	3.3
28	State Street Boston	5,168	49.1	38,307	33.4	9.4
29	Northwest Bancorp	5,072	–0.2	31,939	18.7	1.7
30	Republic of Texas	4,597	9.1	25,943	28.8	1.5
31	First City Bancorp	4,594	11.8	17,627	28.1	1.1
32	National City Corp	3,975	–3.4	17,898	23.0	2.9
33	Amer Natl (Chicago)	3,969	4.4	11,397	7.3	3.5
34	Irving Bank Corp	3,944	12.9	26,307	5.8	1.1
35	Tex Commerce Bshs	3,650	24.2	17,388	27.8	1.1
36	Trust Co of the West	3,506	10.8	NA	NA	NA
37	Citizens & Sthrn Ga	3,461	6.6	10,675	9.7	1.7
38	Fiduciary Trust of NY	3,445	11.4	20,048	24.1	69.5
39	DETROITBANK	3,438	–1.2	18,452	19.6	2.7
40	Boatmen's Bncshs	3,426	3.9	7,424	18.5	3.1
41	Security Pacific	3,309	–22.0	46,596	43.6	1.1
42	Mfrs National Corp	3,288	41.8	11,802	15.6	1.9
43	Wachovia Corp	3,150	2.2	21,330	19.9	3.0
44	Trust Co of Georgia	3,118	0.8	17,856	13.0	4.2
45	Mercantile Bancorp	3,117	0.8	13,210	14.5	2.3
46	First Wisconsin Corp	3,114	–1.7	15,326	14.6	2.6
47	First Pennsylvania	3,061	–3.1	17,709	6.7	2.5
48	Hartford National	3,049	8.0	16,831	14.8	6.0
49	American Fletcher	2,843	0.7	10,052	30.5	2.9
50	Marine Midland	2,812	–9.5	20,987	11.1	0.8

* Includes accounts over which the bank exercises investment discretion. NA: Not available.

1982 ANNUAL BANKING SURVEY

With shrewdies like Saul Steinberg and Victor Posner rooting around, you can bet that there's gold in them ashes.

S&Ls—
Operation Phoenix

The 25 largest savings and loan associations

Only 6 of the 25 largest savings and loan associations in the U.S. turned a profit last year. Treat them as one big unhappy family and the economic distress in evidence is appalling. On their total assets of $125 billion, the 25 lost over $500 million. Even if interest rates—and thus the cost of deposits—should start dropping soon, and sharply, it would take months for even the best-managed S&Ls to show healthy profits again.

	1981 size measures ($millions)							
Rank	Total assets	Savings accounts	Loans receivable	Investment securities	Advances from FHLB	Total revenues	Net income	Company (location)
1	$15,049	$11,064	$12,533	$1,042	$1,858	$1,564	$–61.5	H F Ahmanson (Cal)
2	10,646	7,849	8,679	1,609	1,343	1,174	–28.2	Great Western Financial (Cal)
3	9,750	6,370	8,673	778	1,345	1,004	–55.7	First Charter Financial (Cal)
4	7,754	5,889	6,369	491	1,012	562	4.2	Glendale Federal S&L[2] (Cal)
5	6,945	4,661	5,930	448	1,466	500	11.5	United Financial of Calif[4] (Cal)
6	6,265	4,550	5,224	474	784	659	–25.9	California Federal S&L[2, 3] (Cal)
7	5,541	3,022	4,363	1,023	931	624	–19.2	Golden West Financial (Cal)
8	5,219	3,333	4,656	255	1,170	568	–11.3	Home Federal S&L[2] (Cal)
9	5,169	3,641	4,458	368	949	877	–37.8	Imperial Corp of America[5] (Cal)
10	4,771	2,605	4,001	573	1,330	485	–54.2	Gibraltar Financial (Cal)
11	4,017	3,219	3,152	411	369	369	–13.0	First Federal S&L of Detroit[2, 3] (Mich)
12	3,757	2,748	3,400	11	296	388	17.4	Financial Corp of Amer (Cal)
13	3,683	2,744	2,942	288	378	329	–24.4	Talman Home Federal S&L[2, 3] (Ill)
14	3,612	2,825	2,697	557	362	340	–26.8	First Federal S&L Chicago[2, 3] (Ill)
15	3,475	3,109	3,036	298	134	347	–28.9	Standard Federal S&L[2] (Mich)
16	3,366	2,509	2,679	432	341	357	9.1	Gibraltar Savings Assn (Tex)
17	3,348	2,540	3,006	225	480	356	1.4	AmeriFirst Federal S&L[2] (Fla)
18	3,347	2,395	2,779	249	417	329	–1.4	City Federal S&L (NJ)
19	3,260	2,270	2,724	328	514	327	–25.3	Allstate S&L Assn[6] (Cal)
20	3,092	2,142	2,657	287	381	316	–5.0	Coast Federal S&L[2] (Cal)
21	2,907	1,408	2,672	97	1,323	321	–56.9	Fidelity Financial (Cal)
22	2,755	2,091	2,311	279	411	267	–24.1	Twin City Federal S&L[2] (Minn)
23	2,750	1,915	2,333	141	458	293	5.7	Great American Federal S&L[2,3] (Cal)
24	2,540	1,907	2,071	256	269	239	–19.2	Community Federal S&L[2,3] (Mo)
25	2,456	2,059	2,099	231	178	235	–32.0	Financial Federation (Cal)

[1] Four-year average is a compounded annual rate: 1977/81. [2] Mutual savings and loan association. [3] Based on data from the Federal Home Loan Bank; figures are derived for the period ending June. [4] Subsidiary of National Steel. [5] 1981 balance sheet data reflects spinoff of Gibraltar Savings.

By Richard Phalon

THE SAVINGS AND LOAN business, even to the most untutored investment eye, is bleak and cheerless as a lunar landscape. An unremitting rate squeeze, billion-dollar deficits and a fast-eroding capital base have all combined to hammer S&L stock prices to some of the lowest levels since the mid-Seventies.

"Unless you see substantial government help coming or a significant drop in short-term rates," says Jonathan Gray, who follows the thrifts for Sanford C. Bernstein & Co., "the S&Ls are an enormous speculation. The biggest bet in history."

Yet, surprisingly, some people are taking that bet, and none of them are exactly wild-eyed plungers. Two of the American General funds, for example, recently picked up about 200,000 shares of the Florida-based Freedom Savings & Loan Association. Two of the Colonial group funds have bought a 100,000-share stake in Great Western Financial, one of the biggest factors in the industry, and the Stein Roe Farnham balanced fund has made a commitment of similar size in Imperial Corp. of America.

What's the game? "It was really a little bit of bottom-fishing with what we regard as the strongest company in the industry," explains John McNeice, president of the Colonial Growth Fund. But sharks are moving in the shallows, too. Saul Steinberg's Reliance Financial Corp. is sitting with about 25% of Imperial Corp. and about 25% of Gibraltar Savings, the Texas-based subsidiary Imperial recently spun off. The acquisitive Victor Posner, who already owns a chunk of Naples Federal in Florida, has signaled a desire to get control of the ailing Biscayne Federal Savings & Loan. A variety of other big fish—D.K. Ludwig and oilman Edward M. Carey, brother of the New York governor—have also been cruising the industry's troubled waters for some time now, snapping at deep discounts in which it's sometimes hard to see any real meat.

Many of the analysts sitting safely on the beach insist there is nothing wrong with the S&Ls that can't be cured by lower interest rates. True enough, but it would take a sharp swerve in the Fed's restrictive money policy indeed—as much as 300 basis points and maybe as long as three to six months—before even the best-managed companies could show very much black ink.

The big fish are clearly playing a much deeper game than a quick turn in the money markets. They are betting on the Federal Home Loan Bank Board's "Phoenix Strategy." What's that? It's a concerted effort to merge basket cases with somewhat healthier competitors. The wave of consolidation sanctioned by the anxious regulators has already propelled several major S&Ls across the no-longer-sacrosanct barriers of state lines into new markets. The most notable survivors of the big shakeout are almost certain to be megabillion thrifts with national

Growth measures[1]								Dec. 31, 1981		
Assets		Savings		Revenues		Net income		Yield on earning assets	Cost of funds	Spread
4-year average	1981 vs 1980	4-year average	1981 vs 1980	4-year average	1981 vs 1980	4-year average	1981 vs 1980			
12.2%	14.8%	10.1%	9.8%	16.0%	14.1%	P-D	P-D	11.33%	12.11%	–0.78%
8.7	3.8	6.4	1.0	18.6	17.7	P-D	P-D	11.34	11.88	–0.54
6.2	0.8	2.5	–11.7	13.5	5.1	P-D	P-D	10.51	11.91	–1.40
25.1	54.9	22.4	57.5	24.9	12.3	–36.8%	–86.7%	10.83	12.13	–1.30
31.4	139.5	25.0	112.5	26.0	69.1	–17.1	–53.7	10.02	12.74	–2.72
9.9	0.0	7.7	–0.7	17.7	8.2	P-D	P-D	NA	NA	NA
21.0	–0.7	10.2	–11.6	31.3	28.6	P-D	P-D	11.13	12.09	–0.96
16.7	17.8	14.3	12.1	25.3	24.1	P-D	P-D	12.13	12.04	0.09
0.0	–29.6	–3.2	–33.6	20.9	22.9	P-D	P-D	11.02	11.87	–0.85
14.9	11.1	2.5	–13.7	21.6	13.8	P-D	D-D	11.04	12.08	–1.04
14.1	15.8	11.5	11.6	21.2	19.2	P-D	P-D	NA	NA	NA
51.0	111.2	54.8	112.9	63.2	117.4	42.1	41.9	16.46	14.63	1.83
20.2	50.5	17.5	44.1	27.2	51.9	P-D	P-D	NA	NA	NA
14.3	6.4	12.7	4.9	23.2	25.7	P-D	P-D	NA	NA	NA
9.7	1.4	9.1	2.4	18.5	16.4	P-D	P-D	10.05	11.40	–1.35
16.0	13.3	13.3	12.1	26.0	22.2	–15.0	–64.6	12.50	13.10	–0.60
17.8	17.3	13.6	14.8	29.9	22.4	–32.2	–84.7	NA	NA	NA
25.1	43.2	23.0	37.2	35.0	49.5	P-D	P-D	11.78	11.54	0.24
11.3	7.9	5.9	–0.2	32.2	19.3	P-D	P-D	10.81	11.99	–1.18
11.7	6.1	7.4	2.4	19.5	12.3	P-D	P-D	NA	NA	NA
19.9	1.9	6.1	–15.0	28.3	13.7	P-D	D-D	NA	NA	NA
10.2	9.4	6.3	9.8	16.2	3.8	P-D	P-D	9.85	11.16	–1.31
18.7	19.7	15.6	7.6	28.5	21.2	–16.6	–55.7	NA	NA	NA
18.6	9.7	15.4	5.5	25.9	16.8	P-D	P-D	10.54	10.43	0.11
5.1	4.0	3.8	2.8	9.4	3.0	P-D	P-D	10.66	11.86	–1.20

[6]Subsidiary of Sears, Roebuck. NA: not available. P-D: profit to deficit. D-D: deficit to deficit.

First Nationwide's Anthony Frank
"You have to leapfrog the commercial banks."

aspirations, merchandising a great many more services than the traditional home mortgage.

Look at "Phoenix" in those terms and you see a golden opportunity to get into nationwide banking at a relatively modest cost. That's certainly the way the acquisitors view the situation. While lobbyists and legislators debate spheres of competition and "level playing fields," impending bankruptcy carries a logic of its own. Since the Federal Savings & Loan Insurance Corp. would much rather put an ailing thrift up for grabs than liquidate it, the leverage is all on the buy side. The two major questions: What kind of new geographic market penetration do I get in the way of sweetener? How much is FSLIC willing to put up to cover the operating losses I will have to swallow?

Look at the pattern set by H.F. Ahmanson's aggressively run Home Savings. During the past few months, in the biggest series of interstate buys yet, it has taken over a cluster of thrifts in Texas, Chicago, Florida and Missouri—all with federal aid.

The pattern first emerged in the case of National Steel. National extracted some handsome guarantees from FSLIC before agreeing to fold New York's $2.6 billion West Side Federal and Florida's $1.3 billion Washington Savings & Loan into its California-based Citizens Savings & Loan (FORBES, *Oct. 26, 1981*). FSLIC appears to have cut back since the National Steel deal on the amount of support it is willing to pump into rescue operations. Most, however, still appear to be of the heads-you-win, tails-you-break-even variety.

At the moment, says Anthony Frank, the chief executive officer of National's S&L, the thrift side of the business is in the black, thanks largely to government aid. He sees a peri-

"The big one"

Muriel Siebert, New York State's banking superintendent, calls it "the big one." She is talking about the pending merger, probably into Buffalo Savings Bank, of the $3.4 billion New York Bank for Savings.

"The Beehive Bank," as the latter-day marketing whizzes dubbed it, survived the Civil War, the world wars, a couple of panics and the Great Depression, only to fall victim to what has become the most savage money squeeze of modern times.

Impaled on the dilemma of borrowing short and lending long in times that are out of joint, the bank will probably disappear into merger this quarter after an exhaustive search for a suitable partner that has lasted more than five months.

The bidding was somewhat out of joint, too. "It works in reverse," says Siebert. "It doesn't go to the guy who puts up the most, but to the guy who asks for the least—the least help from the Federal Deposit Insurance Corp."

The savings banks have never been regarded as management crucibles. Many of them, in fact, have often been run by political hacks.

Banking regulator Muriel Siebert
Overseeing "the big one."

An exception is Malcolm Wilson, the capable former governor of New York who now heads the Manhattan Savings Bank. In Muriel Siebert's mind, much of the blame for the passing of institutions like the New York Bank for Savings and two others merged before it—Greenwich Savings and Union Dime—has to be pinned squarely on "the legislators and the regulators."

The banks, she says, were bled white by a combination of good politics and bad economics—usury laws that tethered mortgage yields to below market rates, regulations that ruled out variable-rate mortgages until too late.

The rules have been changed, but not soon enough for many. Without an infusion of outright federal help, or a sharp drop in short-term rates, at least four—perhaps five—more of the mutuals will be on the block by the end of the year, says Ms. Siebert.

That's a big chunk of heritage to liquidate. "Maybe we've got too many savings banks," says Muriel Siebert, "but we're going to fight like hell to save as many as we can. When one of them goes, I always want to cry."—**R.P.**

od of consolidation ahead. The newly acquired groups have all been organized under the Big Top of a new name that Frank regards as more than symbolic—First Nationwide. Besides grappling with obvious difficulties—unifying computer systems, advertising budgets and several layers of management—Frank is giving a lot of thought to a new product line that can be taken national. Automated teller machines, debit and credit cards, private-label insurance, trust services and discount brokerage outlets are all beginning to emerge from the planning mix.

"To be a survivor," says Frank, "you have to be big and you have to leapfrog the commercial banks in providing a lot of financial services to the middle class." Ahmanson is already well along the same marketing path.

The larger problems lie in the delicate work of reshaping a clutch of newly acquired losers into something that works. They are problems that cannot be minimized. "There are a lot of question marks," says Robert Chaut, who follows the S&Ls for A.G. Becker, Inc. Chaut thinks that at least some of the big S&Ls that survive by going interstate under the umbrella of the Phoenix Strategy will themselves ultimately be merged into other big financial conglomerates.

Here's an intriguing thought. Saul Steinberg was vilified and bloodied a decade ago for trying to break into big-time banking through a takeover of New York's giant Chemical Bank. Thanks to Phoenix, he may now be able to achieve his ambition with the aid of—rather than opposition from—the nation's banking regulators. The road back won't be easy. Steinberg's investment in Imperial Corp. is now worth less than half of the estimated $79 million he paid for it. ■

These days, regulators are arranging lots of marriages in the thrift industry—but few stockholders are throwing rice.

The season for shotgun weddings

By Ben Weberman

A FEW RISK-ORIENTED professional investors may be excited about the thrift industry, but current regulatory policy gives them little ground for optimism. To save troubled institutions, the Federal Savings & Loan Insurance Corp. is arranging mergers with healthier competitors. Alas for shareholders, however. The forced marriages are coming in a way that wipes out any equity in the failing entity.

That's a hard-nosed approach, not always the way FSLIC handled things. In the Sixties, for example, several Nevada S&Ls needed help because of real estate loans that had gone sour. No shotgun weddings then. The regulators bought subordinate debentures, providing a capital cushion, and over time everyone—shareholders included—came out a winner.

These days, however, two things make such an approach difficult to repeat. The crisis isn't isolated, and FSLIC and state regulators simply can't afford the capital that such investments on a massive scale would require. Then there's the problem of the Reagan Administration's free-market mentality. On one hand, bailouts are ideologically unpalatable. On the other, any rescues that leave stockholders sitting pretty might bring a chorus of political opposition.

Depositors get near-total protection. That's the law, at least for accounts of up to $100,000. Treasury officials believe that the credibility this guarantee provides will enable the thrifts to withstand their current strains. It matters little, they contend, if an institution pays 15% for new deposits while its portfolio earns 10%—so long as deposits come in faster than interest and withdrawals are paid. This maintains a positive cash flow, which enables management to pay bills and fund withdrawals.

The danger is that the current "quiet run" on savings accounts will become a panic that hits the strong as well as the weak. There is curious reverse psychology at work: The more Congress or trade associations or industry leaders talk about how safe deposits are, the more individuals think they had better shift their funds somewhere else. The problem is that savings banks and savings associations with negative spreads are losing more net worth every day despite their positive cash flows. The longer they are in business, the less valuable they become.

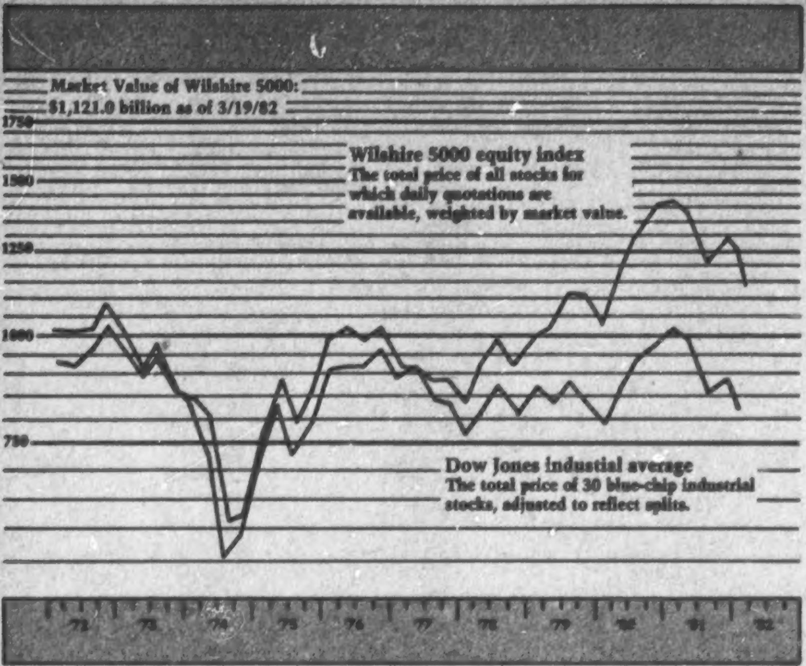
Why would anyone want to acquire such an institution? Besides potential marketing advantages and economies of scale, the regulators can offer several legal or accounting sweeteners to such deals. To begin with, there is often a little cutie called a spread guarantee. Suppose the failing institution's average cost of money is 12% and its yield 10%. The buyer of the distressed thrift gets a check from FSLIC every three months for a sum equal to the 2% it loses on the debt.

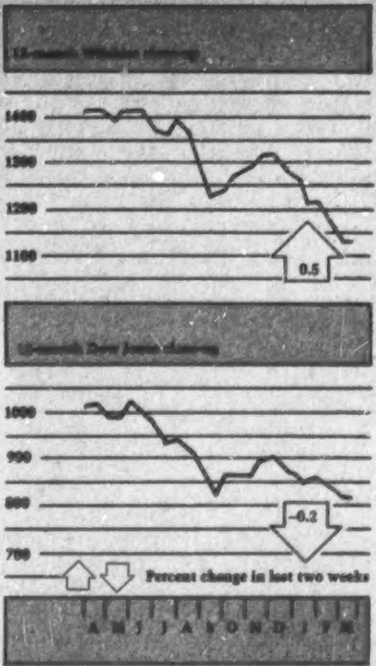
A second form of subsidy—used when National Steel acquired three thrifts but less popular today—is a direct capital contribution from FSLIC to the merging organization. Subsequent capital aid has been in the form of a promissory note that helped keep the acquirer's ratio of net worth to liabilities above the 3% minimum. Most failing thrifts have negative net worth, requiring substantial sums. In exchange, profit-sharing regulators sometimes demand certificates that give them a claim on future profits.

Unless regulatory policies change, the only way to get rich investing in a troubled S&L is if the economy turns around fast. The current tough approach to forced marriages wipes out common equity. What's more, most eligible buyers at the moment are entities already involved in the thrift industry. There are only potential opportunities for diversification-minded conglomerates or quick-profit-oriented liquidators.

Keep watching. The government is struggling to clean up a multibillion-dollar mess, and odds are there will eventually be a chance for someone to make money along the way. ■

The Forbes/Wilshire 5000 Review





Only a reprieve. Recent strength in the stock market shows all the hallmarks of a typical bear rally. The biggest advances were shown by the depressed energy stocks, a group long overdue for a technical rebound. Over the last two weeks the Wilshire index gained 0.5%, the NYSE 0.8% and the Amex 1.2%. Yet the market was highly selective: The NASDAQ index was off by 1.3% and the Dow declined 0.2%. So, the rally was not really broad-based. Even with these gains, the relatively energy-heavy Amex is still off by 28% over the latest 52 weeks.

Should the present rally drive the Wilshire past its late fall 1981 mark of 1300, a bull market could be in the offing. But 1300 is a long way off *(see chart)*. If the Wilshire rally falls well short of this point, last month's market bottom is likely to be tested and could easily be violated. A bullish sign would be a positive change in the pattern of our investor yardsticks. Over the last year, low-volatility and high-yield—*i.e.*, defensive—stocks are the only groups to be in the black. Investors are putting their money in the safest-looking securities. A bull market will be under way only when investors feel comfortable enough to plunge back into growth areas of the market. No sign of that yet. The late March rally was led by low-P/E, high-yield, low-growth stocks—the widow-and-orphan type.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	AMEX Market Value Index	NASDAQ Composite
in last 4 weeks	-3.2	-2.3	-2.8	-5.9	-4.9
in last 52 weeks	-18.3	-18.8	-17.5	-28.0	-16.7

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-5.4	0.6	-6.5	-3.5	0.8	-3.4	-5.3	0.6	-4.4	-6.1
in last 52 weeks	-16.8	4.4	-26.9	-7.6	2.2	-8.8	-15.0	-3.1	-17.0	-6.4

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

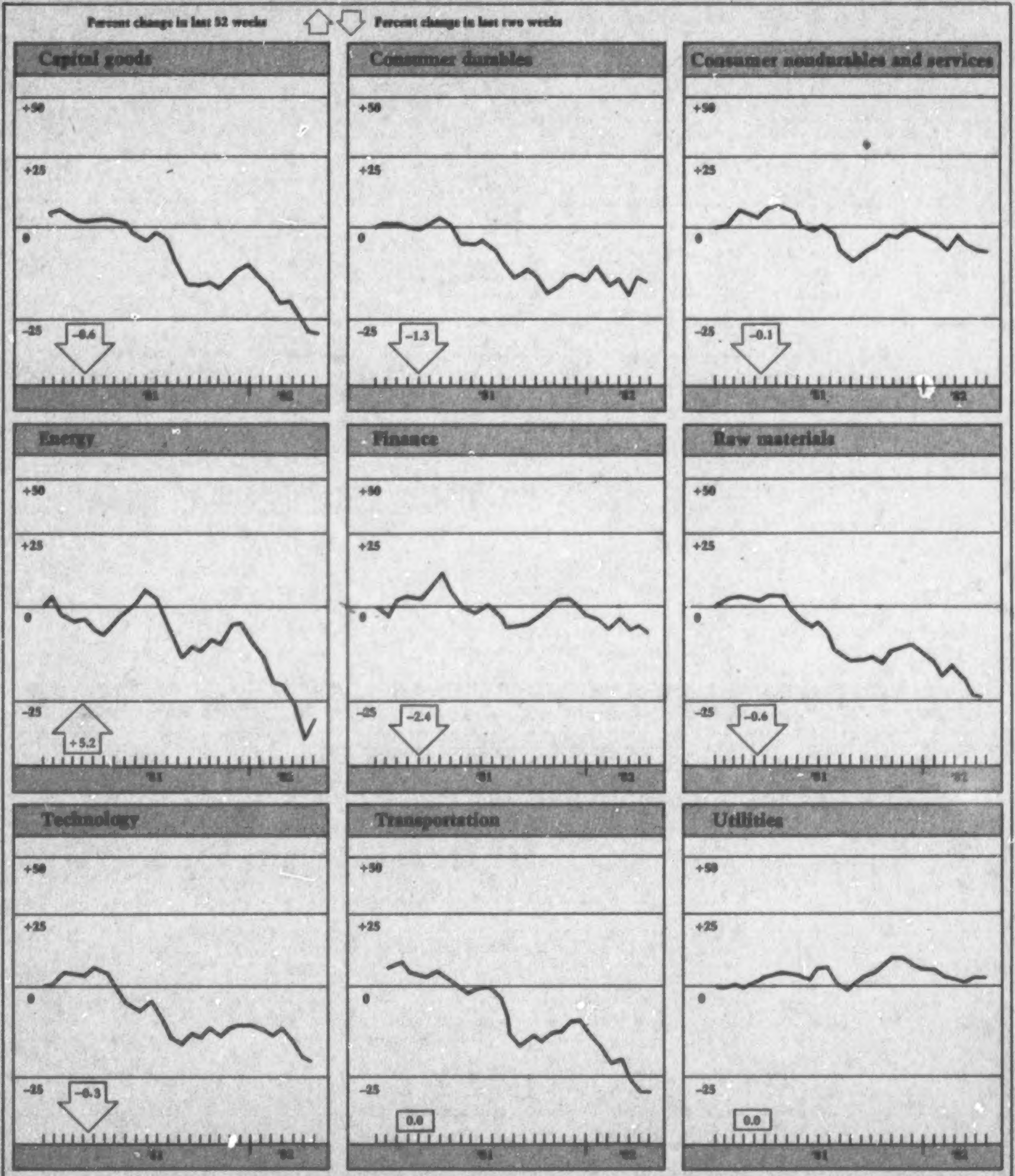
Note: All data for periods ending 3/19/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

A lopsided rally. During the last two weeks energy stocks advanced 5.2%, but the oils have rallied before, only to fall back even lower. This time, however, the uptick in energy stocks is not being fueled by merger fever and could be the start of a real turn. The pattern that emerges over the next few weeks will be critical.

Today, energy stocks are 32% lower than they were a year ago. Capital goods and transportation stocks are also off by 30% or more, whereas consumer nondurables are behind only 6.5%. The only group that has made any progress over the last 52 weeks is the utility sector, up 5%.

Except for the indication of a possible bottom in energy stocks, the signs still point to a bear market. Utility and transportation issues only broke even during the two-week period, while the finance sector lost 2.4%. All other sectors lost a bit of ground. The path of least resistance: still down.



Note: All data for periods ending 3/19/82. Prepared by Wilshire Associates, Santa Monica, Calif.

The Streetwalker

With oil prices faltering, the once premium-priced Lone Star stocks, especially banks, are suffering guilt by association. Texans consider this a great injustice.

They're selling Texas short

By William Baldwin

BANK STOCKS, so the wisdom runs on Wall Street, are a play on the economy of the communities they serve. That's why the Texas banks used to trade at such high multiples. Texas Commerce and First City were proxies for the energy industry and Sunbelt growth rolled into one. Lately, however, earnings are up, but prices are down sharply. As a group the Lone Star lenders have slumped 30% since November—far more than other bank stocks.

Consider Allied Bancshares, a nine-year-old holding company in Houston that lends aggressively to small and medium-size firms—31% of them energy-related. This unshaken optimist is putting up a 71-story tower in the shape of a dollar sign. As fast as the steel has gone up the stock has gone down, by 34% since the end of November. It hardly mattered that in the meantime Allied reported 1981 earnings up 35%, to $3.02 a share.

Why the selloff? It could be gloating as well as fear. For as long as OPEC impoverished the U.S. it enriched the Republic of Texas. The Yankees have decided it's time for profit-taking. "How much does it cost the Arabs to lift a barrel of oil?" asks Joseph Wikler of the Rothschild Co. in Baltimore. "I think there's going to be a margin call on the whole state of Texas."

Suppose oil drops to $26 a barrel and stays there for a while. Does that spell disaster for the Texas economy? Figures provided by economist Carol Bennett of Texas Commerce Bank are instructive. U.S. drilling activity, as measured by Texas mining employment (which would include a Texan designing well-service tools for a driller in California), grew 1.4% a year in the 1950s, fell 1.7% in the 1960s and grew 8.6% in the 1970s. Meanwhile, Texas bank deposits, adjusted for inflation, grew at a 2.4% annual rate in the 1950s, continued to grow at a 4.8% rate in the 1960s and grew 5.9% a year in the 1970s. So much for linkage to the energy industry. Contrary to northerners' impressions, Texas is not an expanse of sagebrush dotted with oil pumps. It also has agriculture, aerospace and electronics. During the 1960s oil depression, construction and manufacturing employment increased at a brisk pace, respectively 3.4% and 4.2% a year.

Bennett, moreover, says drilling will increase this year, with an average U.S. rig count of 4,300 *vs.* 3,969 for 1981. True, that's a sharp decline in the rate of growth—the 1980 number was 2,910—but it's still growth. Texas oil-service analysts say that a lot of the drilling is aimed at natural gas, which is selling for even higher prices regardless of OPEC.

Are energy loans a threat? Energy companies account for a fourth of the loan portfolio at a typical Texas bank, and there's no question they are responsible for the heady growth in loan demand over the past two years. But that's not the same as saying the loans are going to be written off as worthless. "The Texas banks have been lending in the energy sector for a long time," says Richard Fredericks of Montgomery Securities in San Francisco. He says the Johnny-come-lately energy lenders from the north will wind up with the problem loans.

In any event the chart at left shows that Texas banks are having a lot less trouble with their oil rigs than the money-center banks are having with their farm machinery makers and Polands. The numbers also suggest, says Fredericks, that Texas banks are a better buy than most others, notwithstanding a premium in the price-to-earnings multiple. Their growth rates are half again as great as that of U.S. banks collectively.

If drilling keeps up, of course, there is an attractive assortment of other Texas stocks being sold far too cheaply, or so say analysts in Texas. Jerry Falkner of Underwood Neuhaus in Houston is frustrated because his pet stock, Quanex, is down 60% from its high a year ago, for no good reason, he claims. Wall Street has decreed this Houston manufacturer of tubing guilty by association with the oilfields, even though it makes only 46% of its sales there. Its 10-year earnings-per-share growth rate is 23.7%. At a recent 11¾ it is selling at 4.3 times estimated 1982 earnings.

Lone Star losers

Texas banks run ahead of the pack in profit growth, and their stocks have traditionally sported a premium to match. The dip in oil prices has taken them down a peg—reflecting, perhaps, a misunderstanding of the Texas economy.

Bank	Assets (billions)	Recent price	Change since Nov. 30	Estimated 1982 EPS	P/E ratio	10-year EPS growth rate	Non-performing assets
Allied Bancshrs	$ 4.4	22⅝	–34%	$3.65	6.2	21.6%	0.44%
First City	14.3	26⅝	–31	5.00	5.4	15.8	0.55
InterFirst	17.3	21⅞	–23	4.05	5.4	16.3	0.68
Mercantile Texas	6.9	22⅞	–35	4.35	5.3	14.7	0.64
Republic Texas	14.4	27½	–38	5.65	4.9	14.2	0.45
Texas Commerce	14.5	34¼	–21	5.35	6.4	18.3	0.66
National average	—	—	**–13%**	—	**4.5**	**10.6%**	**1.20%**

Sources: Keefe, Bruyette & Woods; Montgomery Securities.

John P. Frazee Jr.
Group Vice President,
Centel Video Services

James A. Lovell
Group Vice President
Centel Business Systems

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The Streetwalker

Then there's Keystone International, a Houston valvemaker suffering a case of oil contamination. It's down 41% from its high last year, even though it sends less than 10% of its products to the oil patch. CRS Group, a Houston architectural firm that does a lot of business in Saudi Arabia, was recently trading at 14, off 43% from its high and 5 times earnings for the last 12 months. Its earnings-per-share growth rate over the past decade is 16.7%. No doubt it will continue to get its share of contracts in Saudi Arabia, since Ghaith Pharaon owns 20% of the stock.

What we are seeing may be a classic case of overreaction. Texas banks may deserve to trade at a premium relative to competition elsewhere, and it may have narrowed too dramatically in the current selloff. Oil service companies shouldn't have been trading at 14 times earnings a year ago, and they shouldn't be at 6 times today. Changes in the world oil economy don't justify swings like that.

As Carol Bennett, the Texas Commerce economist, notes astutely: "The market in oil is not as irrational as the market in stocks." Maybe, just maybe, some buys in Texas are upon us.

Goodyear: Cheap oil and rubber do mix—very well

Remember when oil prices were up and your broker was telephoning every other day with a can't-miss energy play? These days, of course, the news is cheap oil. So oil plays don't sell, but that hasn't quenched the brokers' merchandising zeal. Don't be surprised if someone tries to sell you shares in a tire company.

The pitch goes like this: With more gallons for the dollar, motorists will surely drive more miles—and thus need more replacement tires. Then there's the supply-side argument. Petrochemical derivatives, conveniently, comprise 85% of the rubber company raw material costs. Get it? Tire stocks as a play on lower oil prices.

That spiel, with variations, has helped Goodyear Tire & Rubber perform impressively in the midst of a dismal bear market. Last month, on heavy trading volume, its shares hit 21½—up from 18¾ in February and higher than they have been since 1977. Takeover possibilities? Hardly. Goodyear just happens to be a leading beneficiary of the cheap-oil pitch by brokers and analysts.

Companies such as Firestone, General Tire, B.F. Goodrich and Uniroyal are largely in the same boat—but Goodyear, which gets over 80% of its profits from tires, is what the pros call a pure play. Except for Firestone, the company's major competitors get less than 50% of sales and an even smaller percentage of profits from tires and have been steadily losing market share. That leaves Goodyear as the largest domestic tiremaker by far.

At the moment, its economists predict that this year's U.S. market will total 130 million auto tires. That's a 3% gain from 1981 and a rare optimistic forecast in an industry in which production declines have been common since 1973. Goodyear planning chief Rod Loughridge also expects that the bulge in imported car sales over the last few years will soon become a bulge in the demand for replacement tires.

Analysts are now estimating Goodyear's earnings per share at a respectable $4 in 1982, up 19% from 1981. That means the company's shares are now trading at a multiple of 6. If the auto industry were to increase output to, say, 8.5 million vehicles for the 1983 model year (compared with 6.5 million currently), Goodyear earnings could reach $5.50 or $6. But that's an optimistic prediction, of course. On the downside, Goodyear is a major supplier to Chrysler.

Another plus for Goodyear is the fact that the industry's longtime overcapacity may be dwindling. In the past this led to regular—and costly—price wars. But now tire plant closings are common. General Tire recently announced it would shut facilities in Akron, and analyst Donald De Scenza from Donaldson, Lufkin & Jenrette estimates total capacity of 15% less now than it was two years ago. "Supply and demand are in basic alignment," says Richard Haydon, an analyst with Goldman, Sachs. "With lower oil prices, you might say the tire business is in a minigrowth phase."

The qualifier "mini" is important. Capacity utilization in the tire industry is now below 85%. Historically, 95% or better has been necessary for companies to earn decent rates of return. "We are on a cyclical rebound," says one analyst. "But I don't think Valhalla is here."

The folks in Akron would probably agree. Except that Valhalla, like everything else, is relative. Sure, Goodyear shares still trade 37% below book value and roughly 30% cheaper than they did a decade ago. But thanks to falling oil prices, for the first time in years Wall Street has a reason to buy instead of sell.—**Jon Schriber**

Beverage management: risky—but straight 7UP

Philip Morris, the company that created the Marlboro man and made Miller Lite a runaway success, paid $520 million to buy the Seven-Up Co. almost four years ago. Since then PM has lain low, but now its long-anticipated soft-drink push is under way. Seven-Up is test marketing a 99% caffeine-free cola, reportedly named "Like," that it could launch nationwide early next year. Analysts project an advertising and promotion budget of perhaps $35 million.

This could have major implications not only for PM but also for the likes of Coke and Pepsi. The Seven-Up sales pitch knocks competing colas and aims for product differentiation with a distinct, good-for-you message. Coke and Pepsi may pressure their

We know: 1982 has been a terrible year on Wall Street. But not for everybody. Here are two lists of winners.

Bear market beauties

By Steve Kichen and Paul Bornstein

FACE IT, the first quarter of 1982 has been terrible for most investors. The Wilshire index has slipped 13%, and just about every stock has been battered. The NYSE is off 12%. The over-the-counter market is down 14%, and the Amex, with its relatively larger energy exposure, has tumbled nearly 24%.

Still, there is some light in the forest. The airlines, for example, are flying out in front of all S&P's groups. Why? The cheap energy play: Cutbacks and belt-tightening in the oil industry could be the salvation of many troubled air carriers.

Lower fuel costs are also a boon to electric utilities. With the appeal of higher payouts and more favorable tax treatment of dividends, it's not hard to see why a large number of power-company stocks have hit 52-week highs recently. Retail stocks have also shown surprising strength—thanks, in part, to a fourth quarter stronger than analysts expected.

The accompanying tables highlight the year's meager good news on the NYSE. The 31 stocks on page 214 each hit new 52-week highs and are still trading within 10% of those stellar levels. The 17 stocks in the table below, meanwhile, have each posted price gains of 20% or more in 1982. We didn't include utilities, which would have dominated them, and we have tried to exclude securities that shot up because of merger or buyout activity.

Many of the new highs appear to be defensive plays in a recessionary economy. For example, one-fourth of the issues are food processors. "The worse the economy gets the better this industry looks," says William Leech, an analyst at Donaldson, Lufkin & Jenrette. Still, he cautions that commodity prices may soon be heading back up and that these stocks may have already had their best performance.

The appeal of food processing stocks is that well-run companies in this industry can show growth even when the economy is slumping. After all, people always eat. As a tradeoff, food companies rarely show explosive growth in a booming economy. The earnings estimates provided by the Icarus Service of Zacks Investment Research, show that many of the food companies are expected to make modest earnings gains of between 7% and 15% in 1982.

Major changes in earnings patterns could also come from firms that have suffered the most over the last several quarters. From the table below, it appears that risk-takers are getting in at, or near, what they hope will be the bottom of some impressive turnarounds. Of the 17 companies in this table, only 9 managed to make any profits at all over the last 12 months. But of

Trend buckers of 1982—gains

Fighting the market all the way, these 17 companies have managed gains of 20% or more so far this year. Many seem to have risen on the expectation of a significant earnings turnaround.

Company/principal business	Recent price	% change in price 1982	52-week price range	Earnings per share 1980	Earnings per share 1981	Earnings per share 1982 (est)	Latest 12-month P/E ratio	Yield
Coleco/toys	10⅝	49.1%	13½– 6⅛	$ 1.83	$ 1.01	$ 1.84	11	—
Winnebago/rec vehicles	5⅛	36.7	6¼– 2¾	d 0.54	0.19	0.50	28	—
American Motors/auto	3⅜	35.0	4⅞– 2⅜	d 6.10	d 2.44	d 0.82	NM	—
Cadence Inds/publishing	10	33.3	13⅝– 6⅝	1.28	d 1.94	NA	NM	—
Talley Inds/precision inst	4⅞	30.0	6½– 3⅜	d 1.65	d 1.32	NA	NM	—
Mattel/recreation	14⅛	29.9	16⅜– 6	0.12	1.68	2.16	8	2.1%
Vendo/vending machines	3	26.3	3⅞– 1¾	d 5.89	d 4.02	NA	NM	—
AVX/electronics	17⅛	25.7	36⅜–11½	1.76	d 0.60	1.20	NM	1.9
Trans World/airline	19⅛	25.4	28⅜–13¾	d 0.05	1.27	3.70	15	—
ConAgra/food processing	21½	23.7	22⅜–16	1.55	2.21	2.67	9	4.0
Chrysler/automotive	4⅜	23.3	7⅝– 3⅛	d 26.00	d 7.25	d 2.09	NM	—
American Airlines/airline	13⅜	23.0	21⅝– 9	d 4.78	d 1.29	2.04	NM	—
Equifax/industrial svs	28⅛	22.3	31⅜–20¾	3.16	4.70	4.75	6	9.2
Southwest Airlines/airline	34	22.0	48⅜–23½	3.25	3.38	4.21	10	0.9
Mary Kay Cosmetics/cosm	20¼	21.8	37⅜–15¾	1.05	1.65	2.10	12	1.0
House of Fabrics/retail	12⅞	21.2	13⅛– 6⅛	0.46	0.70	NA	10	2.2
GenRad/electronics	16⅜	20.2	31 –11⅞	1.39	d 0.23	0.82	NM	0.5

NA: Not available. NM: Not meaningful. d: deficit.

Sources: Wilshire Associates; Zacks Investment Research's Icarus Service; FORBES

Statistical Spotlight

Winners

These ten industry groups are the best performers so far this year.

Industry	% change
Airlines	14.2%
Retail	9.2
Electric utilities	8.0
Automotive	4.7
Breweries	4.3
Electronics	4.0
Investments (bond funds)	4.0
Multiline insurance	3.7
Auto parts (replacement)	2.5
NYC banks	2.0

Source: Standard & Poor's.

the 13 firms for which Icarus estimates are available for 1982, 85% are expected to be in the black with an overall increase in earnings of 85%.

Even with their recent gains, many of these issues are still priced below their 52-week highs and well below their historic peaks. For example, AVX is down 62% from its 1980 high of 45. Remember, though, that analysts are generally less optimistic now than they were one or two quarters ago, even for these potential rebound candidates. For instance, the mean earnings estimate for Southwest Airlines has decreased almost 11% from the $4.72 expected 26 weeks ago.

Not all the big gainers are rebound plays, however. The top performer on our list is Coleco, which jumped 49%, thanks to the highly competitive video-game craze. The firm recently introduced a home version of the extremely popular Pac-Man game and claims to have 1 million units on order at $40 a shot. This translates into a $40 million revenue figure. "It's a speculative stock due to the environment it's in," says Richard Simon, an analyst at Goldman, Sachs.

Sadly, however, Coleco is an exception. Most people who have bought equities since January are probably sitting with acquisitions that are well under water, and for them the stocks in these tables are only a reminder of what might have been. On the other hand, these companies did go up when the rest of the market collapsed—and that is evidence of some solid buying support. One old adage has it that after a bear market ends some of the best performers are often stocks that managed to buck the earlier downtrend. With that in mind, these 1982 stars may shine even brighter if the bulls come back to town. ■

Losers

These ten industry groups are the worst performers so far this year.

Industry	% change
Offshore drilling	–39.0%
Crude oil producing	–31.9
Miscellaneous metals	–31.5
Copper	–30.6
S&Ls (holding)	–29.7
Integrated domestic oils	–29.6
Gold mining	–29.4
Canadian oil and gas explor	–27.7
Bituminous coal	–27.0
Oilfield equipment & svs	–26.9

Source: Standard & Poor's.

Trend buckers of 1982—highs

Even though the list of new lows often seemed endless, these 31 companies managed to hit 52-week highs in 1982. Note that all of these firms are profitable and paying dividends.

Company/principal business	Recent price	52-week price range	Earnings per share 1980	Earnings per share 1981	Earnings per share 1982 est	Latest 12-month P/E ratio	Yield
Aetna Life & Cas/insurance	44	47⅞–32¾	$ 6.30	$ 6.11	$ 6.92	7	5.7%
Alexander & Alexander/insurance	28⅝	30¼–25¾	2.98	2.98	NA	10	6.8
Amer Bldg Maint/industrial svs	20	22¼–15¾	2.46	2.81	3.25	7	5.0
Amer Stores/grocery stores	34	34¼–21⅛	4.11	5.42	5.45	6	2.9
Ames Dept Stores/retail	21	24⅛–16⅛	2.11	2.32	NA	8	1.9
Anderson, Clayton/food processing	27⅝	30¾–20½	4.00	4.09	5.12	5	4.8
Anheuser-Busch/brewery	44½	46¼–33¾	3.80	4.79	5.41	9	2.9
Borden/food processing	31¼	32½–26¼	4.77	5.45	5.86	6	6.6
Chase Manhattan/banking	54⅝	60⅝–43⅞	10.15	11.56	13.27	5	6.2
Colgate-Palmolive/household prods	17	19½–13⅞	2.10	2.55	2.76	7	7.1
CPC Intl/food processing	35¼	38¾–27¾	4.14	4.57	5.28	8	5.5
Denny's/restaurants	30¾	32¾–22⅛	1.95	3.04	3.52	9	3.1
RR Donnelley & Sons/publishing	43½	45 –34⅝	3.70	4.20	4.77	10	3.3
Equifax/industrial svs	28⅛	31⅝–20¾	3.16	4.70	4.75	6	9.2
Goodyear/tire & rubber	20¾	21½–15⅞	2.85	3.36	3.66	6	6.8
Hazeltine/electronics	27	30⅜–18⅝	2.37	0.91	NA	30	3.0
House of Fabrics/retail	12⅞	13⅛– 6⅛	0.46	0.70	NA	15	2.2
Industrial Natl/banking	27	28¼–20¾	4.57	5.30	6.31	5	7.4
Intl Multifoods/food processing	22¾	24 –17½	2.31	3.49	4.37	6	6.5
Jonathan Logan/apparel	12½	13⅛– 7⅝	1.28	0.97	3.27	13	4.8
Kellogg/food processing	23	25⅛–17⅝	2.41	2.69	2.99	9	6.5
Kroger/grocery stores	28¾	28⅞–19¼	3.41	4.39	4.68	7	6.0
Lane Bryant/retail	17⅞	19⅝–14¼	2.25	2.44	3.22	6	6.2
Marine Midland/banking	22¾	25¼–17	3.89	4.24	5.05	5	5.5
Nabisco Brands/food processing	31⅛	35 –25⅜	3.73	4.21	4.86	7	6.6
Norton Simon/multicompany	20	22⅛–14⅛	2.57	2.26	2.92	8	5.4
Oakite Products/chemicals	22¾	24½–18⅞	2.45	2.83	NA	8	6.7
Procter & Gamble/household products	79¼	85¼–67⅜	7.74	8.08	9.28	9	5.3
Quaker Oats/food processing	38	39⅝–31¼	4.55	5.01	5.70	7	4.7
JM Smucker/food processing	35¼	37½–24¾	3.35	4.08	NA	7	3.4
Wal-Mart Stores/retail	39⅞	44½–32⅞	1.73	2.50	3.19	16	0.6

NA: Not available.

Sources: Wilshire Associates; Zacks Investment Research's Icarus Service; FORBES

APRIL 26, 1982 TWO DOLLARS AND FIFTY CENTS

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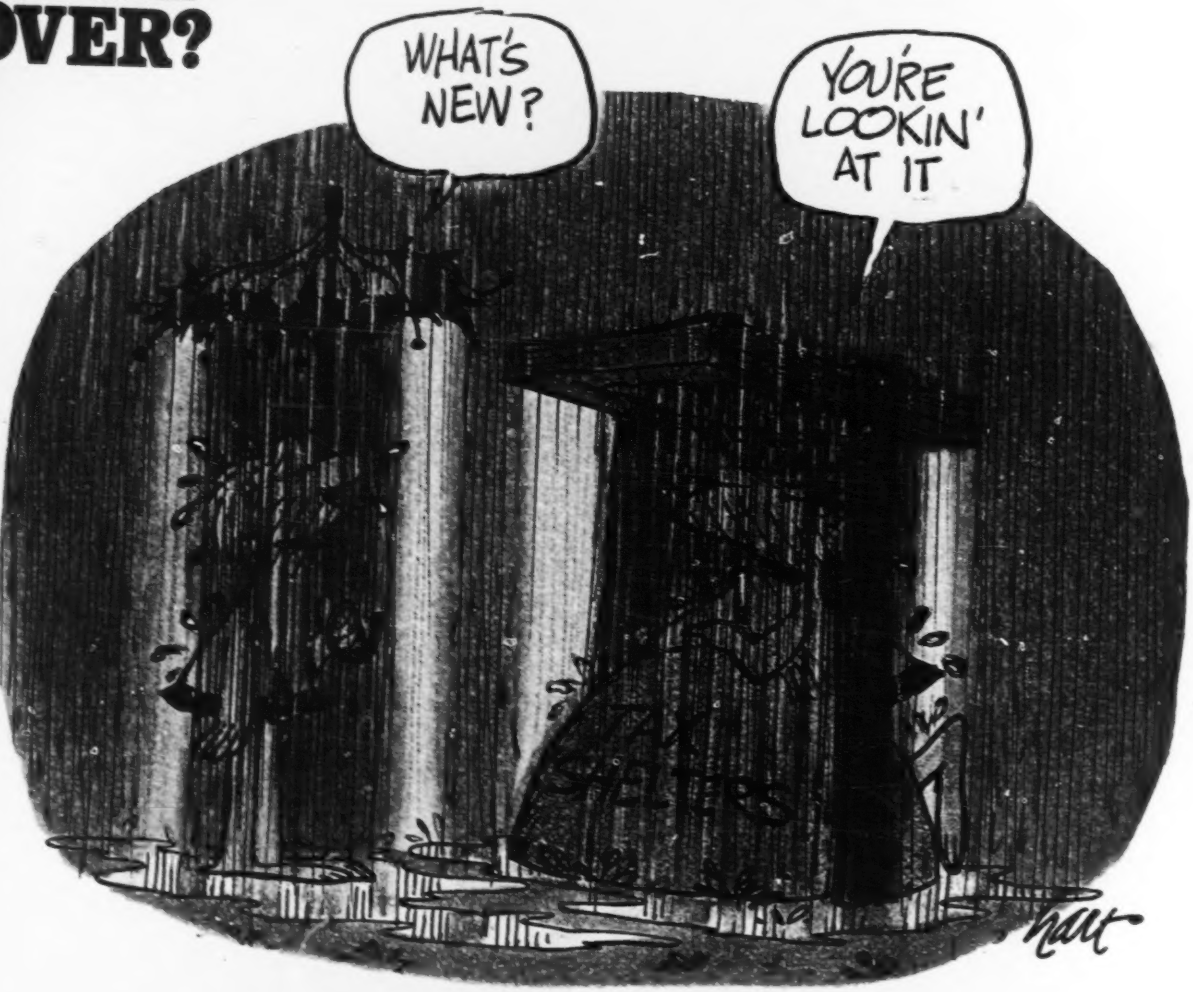
Forbes

IS THE SHELTER GAME OVER?


WHAT'S NEW?
YOU'RE LOOKIN' AT IT
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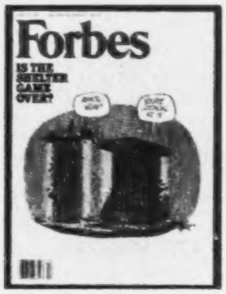

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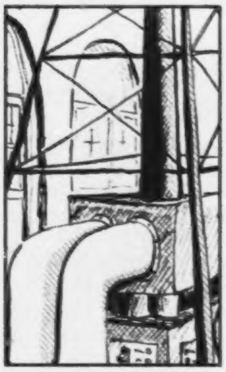

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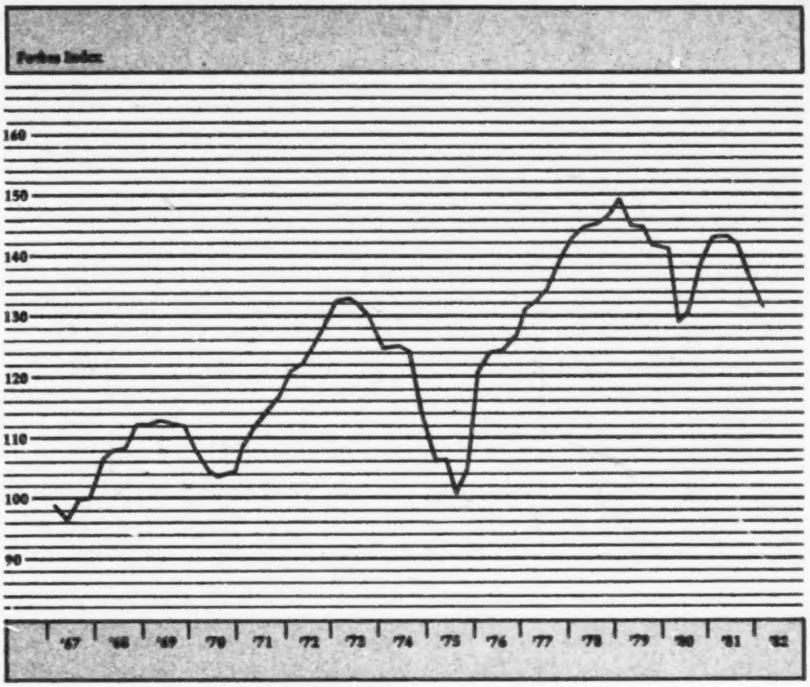
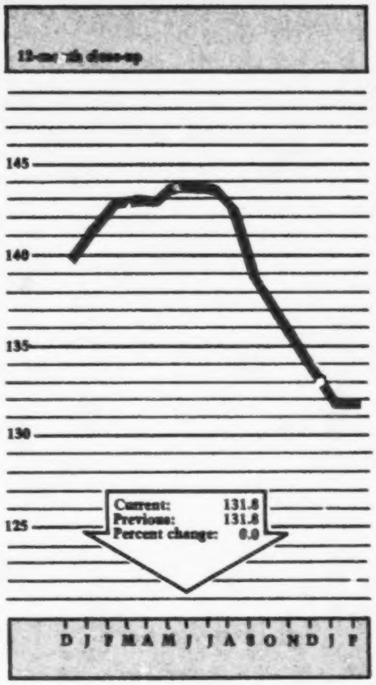
The Forbes Index





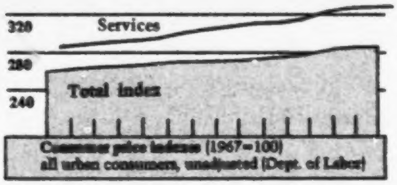
Flat city. For the first time in six months, the Forbes Index did not decline. Manufacturers' new orders rose 1.7%, while inventories fell by only 0.1%. Unemployment claims also declined in February; the 8.1% dip represents the first such good news on unemployment claims since a similar drop in October 1980.

Has the recession hit a bottom? It's too soon to tell. But low inflation is a reality—for now. The Consumer Price Index for February posted a 0.3% rise, putting the annual rate of increase at a mere 3.6%. Further drops in the Forbes Index are still possible, and good news should continue to come in during the current reporting period.

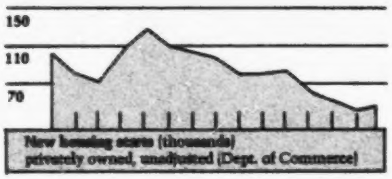
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

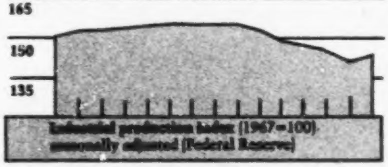
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



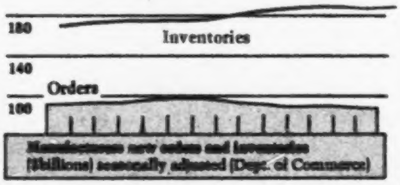
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



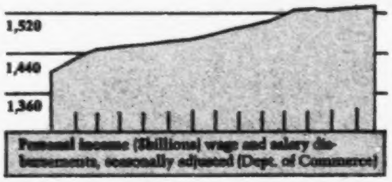
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



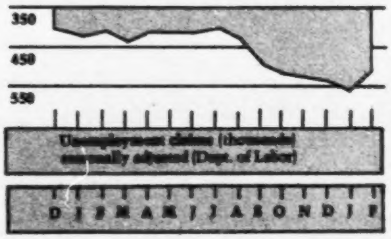
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



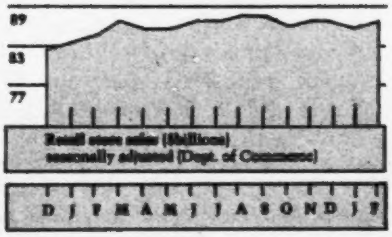
Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



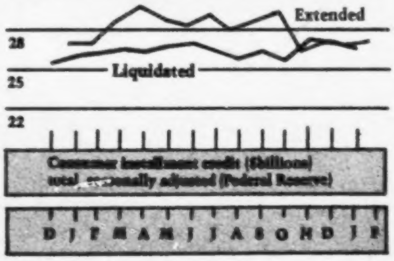
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)

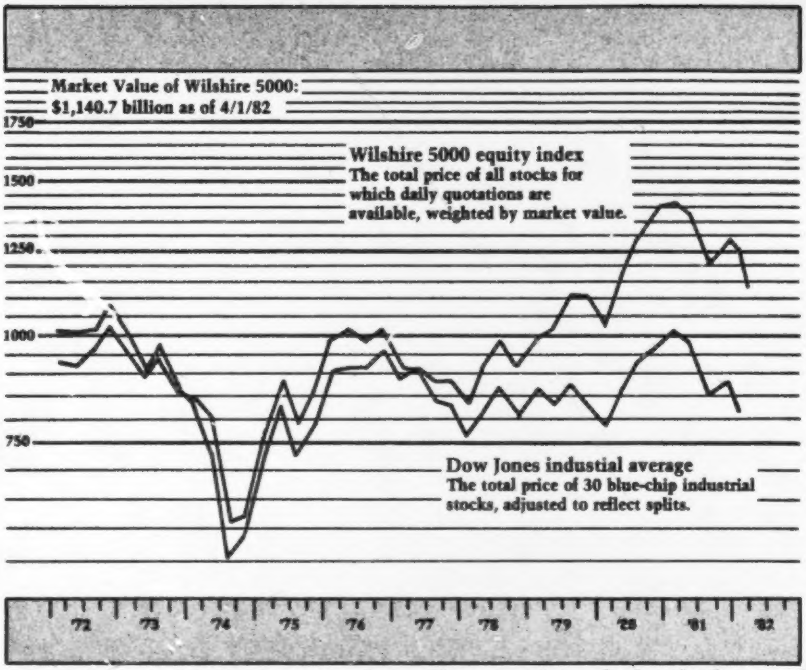


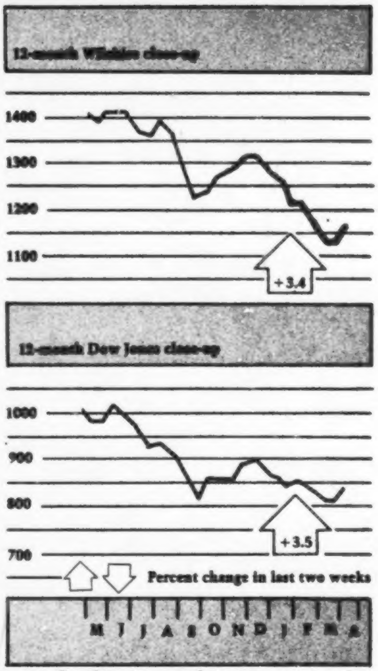
Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

The Forbes/Wilshire 5000 Review





A repeat of last October? Four weeks ago the strength in the market came largely from a technical rebound of depressed energy stocks. Since then Wall Street has advanced across a broad front. Leadership has also passed from the oils to consumer and technology stocks. Over the last two weeks the Wilshire index moved up 3.4%, roughly matching the Dow, the NYSE index and the S&P's 500, while there was a 4.7% gain for the Amex and a 4.2% NASDAQ. All groups joined in.

For the first time this year the bullish action has moved beyond defensive investments. As our yardsticks indicate, over the last four weeks buyers favored high-growth stocks over low-growth stocks by more than 2 to 1. They chose high-volatility over low-volatility issues by an even greater margin. That hasn't happened since October of 1981.

Still unanswered, though, is the big question: Is this merely a rally in a bear market—like the one that occurred in October? Last fall, for example, many of the same indicators looked nearly as good as they do now. Since then the market has lost over $100 billion in capital, and the Wilshire has hit a 22-month low.

At the moment, then, the burden of proof is on the bulls. With interest rates still at near-record levels and many businesses in the doldrums, a continuing rally would have to make headway against a lot of bad news. It could happen, but the odds are against it.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.9	3.2	3.1	3.0	6.6
in last 52 weeks	–17.6	–17.8	–16.7	–28.6	–16.1

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.8	0.8	5.6	5.5	1.0	4.7	5.8	2.4	2.[illegible]	2.9
in last 52 weeks	–14.8	4.7	–25.3	–4.4	2.4	–7.3	–12.9	–2.6	–15.8	–5.5

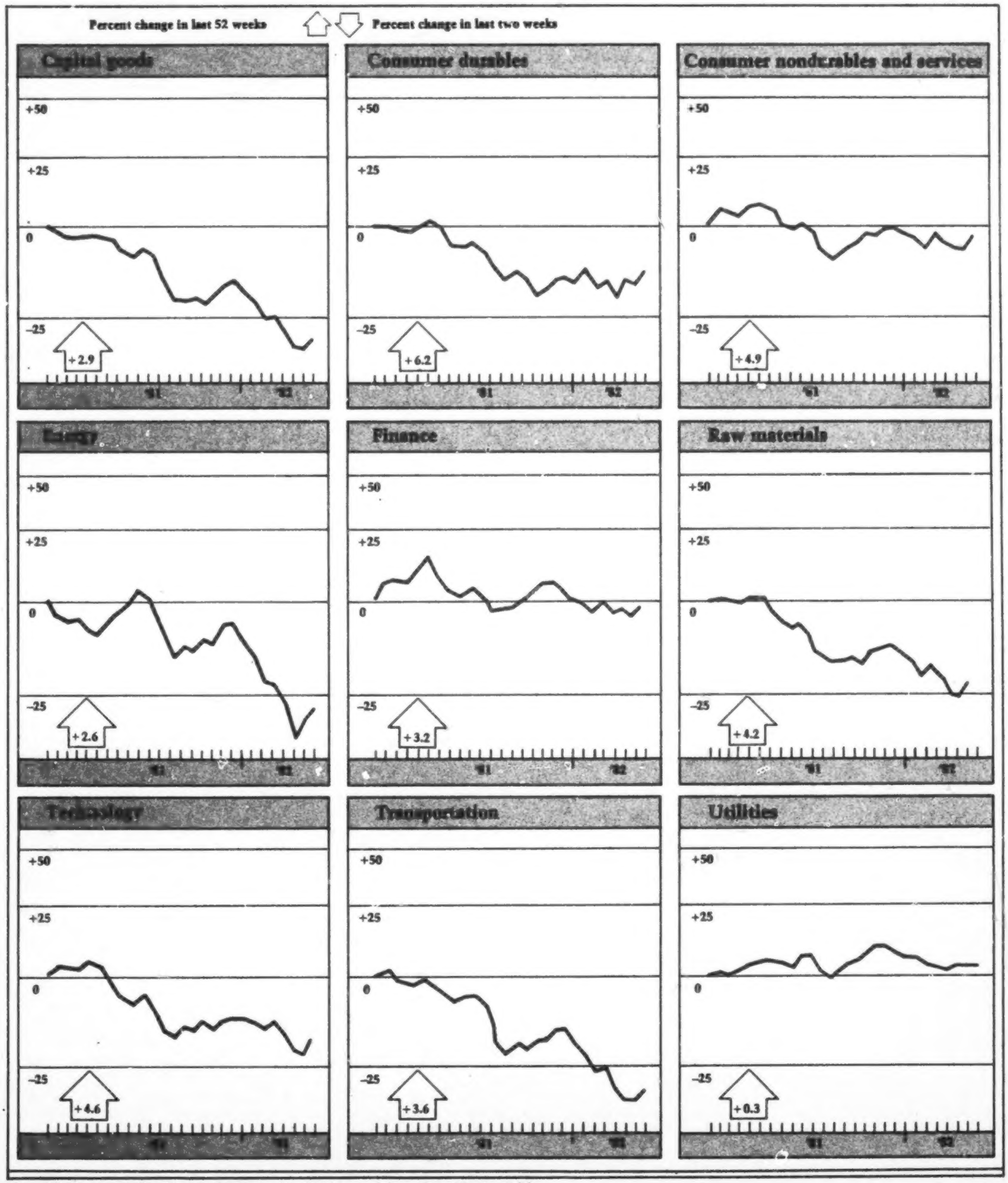
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Spring tonic? For the first time since August of last year, all nine sectors of the market are in the black for the most recent two-week period. Consumer durables and consumer nondurables lead the way with 6.2% and 4.9% advances. Technology and transportation issues also had a strong showing. In recent months, utility stocks have been bear market stars, but the current flirtation with glamour and leverage didn't help these companies. As a group, they were up only 0.3%.

Energy stocks kept up the movement they began four weeks ago. Keep an eye on this sector. The present recovery could be merely the result of bottom-fishing by sharp-eyed bargain hunters. If, on the other hand, oil stocks continue to recover lost ground, this could touch off similar moves in other groups.



Note: All data for periods ending 4/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

A rush of caution has made government money funds a very hot item indeed.

T bills in the rain

By Richard Phalon

THE PROS WHO RUN the nation's 182 money market funds didn't get to handle $191 billion worth of assets on their investment skills alone. They are shrewd merchandisers, too, and at the moment make for a prime study in an old retailing truism: The time to sell umbrellas is when it's raining.

You can feel the drops falling already. Once-prime commercial paper is being downgraded as if it were so much confetti. Tottering thrift institutions are being merged out of existence, commercial bank loan delinquencies have gone through the roof, and many economists are prophesying a liquidity crisis.

None of that adds up to a particularly salubrious sales climate for money funds, whose high yields come in part from a heavy assortment of commercial paper and bank certificates of deposit. Are fund managers playing turkey-lurkey, waiting for the sky to fall? Heck, no. They're making hay with the fastest-selling umbrella around—money funds that invest only in government paper.

The new funds are setting a blistering pace in an industry where exponential growth has become commonplace. Two years ago there were 8 of them. By last July there were some 20, and now there are over 40. During that time, government fund assets have climbed from about 5% to nearly 15% of taxable fund assets.

It's clear that the funds are a marketing idea whose time has come. From zero base last fall, Lehman Government Fund has snowballed to close to $120 million. Sears, Roebuck—the prime retailer of them all—put that much cash on the books just over a month after its government fund set up shop late last February. Other major merchandisers—T. Rowe Price, for one—are in the process of launching government funds. What's going on here?

Concern about the economy is part of the ferment. Ed Taber, president of the T. Rowe Price Prime Reserve Fund, talks in terms of a "flight to quality." A new wave of investors, he says, has begun to demand of the money funds "absolute safety on a par with the federally insured deposits" they can get from the banks.

Part of that concern springs from the makeup of investors who have helped money funds to become one of the great financial success stories. They tend to be older, wiser heads—the median age is 54—with long memories for the lumps the economy has taken in the past. "They remember things like the wreck of the Penn Central and what happened to the

In government we trust

Though few doubt the stability of money market funds, an increasingly risk-averse public is putting more and more money into the safest of all investments: the government. For the 12 large funds listed below, asset growth for those in government paper has been twice as good as for the regular funds.

Short-term US government funds	Average yield	Assets 3/31/82 (million)	Assets 3/31/81 (million)	% increase
Capital Preservation	12.99%	$ 1,805.3	$949.7	90%
Dreyfus Government Series	12.87	804.2	162.2	396
Merrill Lynch Government	13.57	1,282.4	234.3	447
NRTA-AARP US Government	12.87	4,010.2	968.0	314
Trust for Short-term US Government Securities	13.35	5,593.2	3,523.5	59
Trust for US Treasury Obligation	13.01	1,933.1	1,041.8	86
Totals	**13.11%**	**$15,428.4**	**$6,879.5**	**124.3 %**

Regular money market funds	Average yield	Assets 3/31/82 (million)	Assets 3/31/81 (million)	% increase
Daily Cash Accumulation	13.96%	$ 5,592.8	$ 3,526.2	59%
Dreyfus Liquid Assets	13.60	9,702.0	5,039.0	93
Federated Master Trust	13.94	3,935.9	3,315.3	19
InterCapital Liquid Asset	13.76	9,633.6	6,061.3	59
Paine Webber CASHFUND	13.91	6,217.8	3,644.6	71
Shearson Daily Dividend	14.04	5,365.5	3,475.0	54
Totals	**13.87%**	**$40,447.6**	**$25,061.4**	**61.4%**

commercial paper market in 1970," says a Lehman vice president.

Investors, it seems, reason like this: In a serious credit crunch, shares in a government fund will be a lot easier to liquidate than pieces of paper backed by ordinary commercial loans.

Caution has its price, of course, but only a small price right now. On average, the government funds are yielding around 13%, compared with about 13.5% for all taxable money funds. That represents quite a change in psychology. Up to now, the funds have by and large sold on the basis of yield. It's clear that many investors smell trouble. "Never doubt the intelligence of millions of small investors," says T. Rowe Price's Ed Taber. "In aggregate, they're damn smart."

Even investors who aren't switching to government-paper-backed money funds are becoming increasingly picky about the quality of the paper in money fund portfolios. Result: what might be called the battle of the ratings. The principal antagonists are William Donoghue, an energetic, ambitious C.P.A. from Holliston, Mass. who caught the trend to the money funds early on, and the Institute for Econometric Research, the Ft. Lauderdale, Fla. advisory firm that until recently concentrated almost entirely on the stock market.

Donoghue and his weekly *Money Fund Report*, which goes for $395 a year, had at least a public relations lock on the industry until last summer, when Econometric launched its monthly *Money Fund Safety Ratings*. Econometric President Norman Fosback says his service, which at full price goes for $100 a year, has already picked up about 7,500 subscribers. The potential looks so good that the two oldest raters on The Street—Moody's and Standard & Poor's—are studying the possibility of putting up money fund services of their own.

Donoghue and Econometric have been taking publicity potshots at one another. Some money market fund executives don't like the idea of ratings at all, while others, opportunistically enough, see the game as a good way to generate sales.

For investors, however, the services can be helpful—particularly if they can be studied for free at a library or a broker's office. The ratings game in part is a play on a flight to quality that has made ordinarily unexciting governments one of the hottest things around. ■

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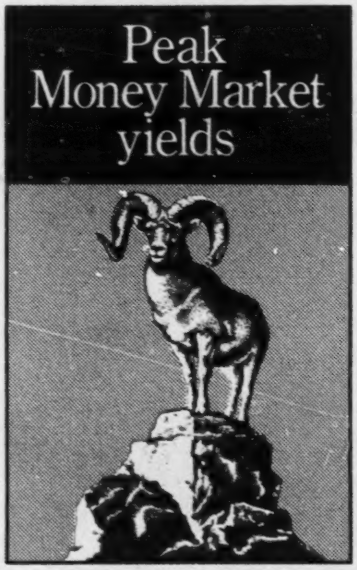

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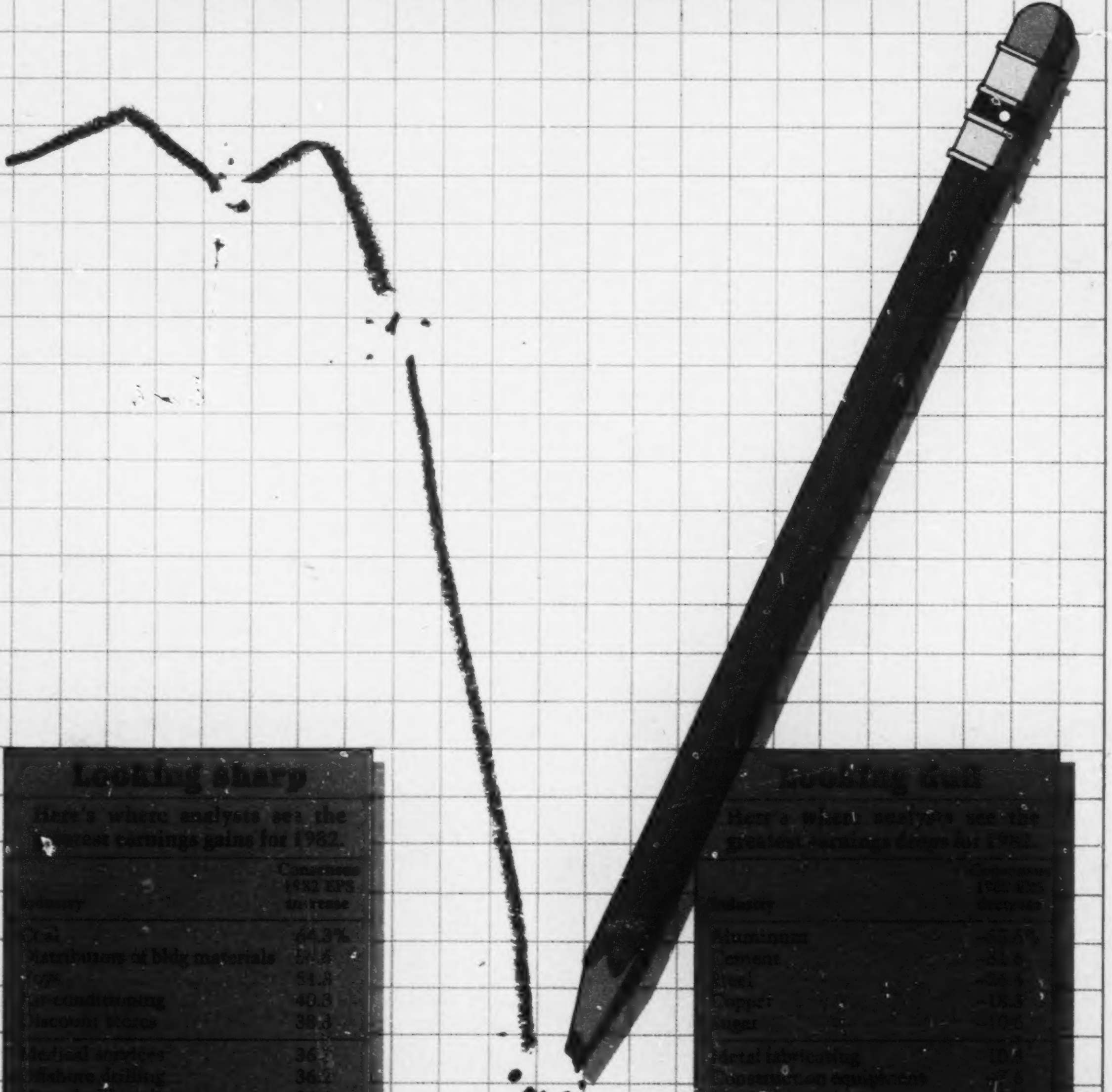
Wall Street analysts are regularly revising their earnings estimates, and here are the latest figures. Look closely and you'll find some real surprises.

Tough times to make predictions



Looking sharp

Here's where analysts see the greatest earnings gains for 1982.

Industry	Consensus 1982 EPS increase
Coal	64.3%
Distributors of bldg materials	[illegible]
Toys	51.8
Air-conditioning	40.3
Discount stores	38.3
Medical services	[illegible]
Offshore drilling	36.2
Household appliances	34.6
Entertainment	29.1
[illegible]	28.6

Looking dull

Here's where analysts see the greatest earnings drops for 1982.

Industry	Consensus 1982 EPS decrease
Aluminum	[illegible]
Cement	−31.6
Steel	−26.4
Copper	−18.3
Sugar	−10.8
Metal fabricating	[illegible]
Construction equipment	[illegible]
Paper	[illegible]
Heating equipment	−3.7
Home furnishings	−3.1

Statistical Spotlight

By Steve Kichen and Paul Bornstein

THE ADMINISTRATION may still be talking about a midsummer economic recovery, but updated earnings forecasts coming from security analysts tell another story. These estimates, of course, are about as changeable as the score in a close basketball game. Even so, the current trend is not encouraging. "The numbers are coming down much faster now," says Leonard Zacks, president of Zacks Investment Research.

His Chicago-based firm collects earnings estimates from Wall Street analysts and prepares consensus figures of their projections. Zacks started to notice a month-to-month dropoff in average estimates around January 1980. But in recent weeks the magnitude of estimate cuts has increased substantially. "We've gone from about 0.2% to close to a 2% month-to-month average decrease," he explains.

There are a number of situations that have been pulling the averages down. For example, six months ago Kaiser Aluminum & Chemical was expected to earn $4.72 in 1982. This estimate is now down to 76 cents. Within the same period, percentage declines in estimates for companies as diverse as H.F. Ahmanson, Asarco and UAL are almost as dramatic.

Predicting the future, of course, is not an easy job, and even the high salaries paid to security analysts do not guarantee accuracy. As recently as the end of January, Zacks' figures indicated that analysts expected earnings of the S&P's 500 to grow by 18.5% in 1982. At the end of March this figure dropped to 12%. For specific industry groups the decline is even more dramatic: Producers of intermediate goods such as oils, metals and forest products were expected to show earnings growth of 12.2%, but since the end of January this figure has been slashed to 2%.

Still, the news isn't all bad. Some 100 companies have higher estimates now than they did six months ago, and a handful actually sport increases of 10% or more. The table below lists these favored few. Mattel, for example, is now expected to earn $2.74 a share in 1982, *vs.* the $1.46 predicted six months ago, and Warner Communications is now expected to earn $5.53, *vs.* $4.41.

Recent revisions—where estimates are rising

The predictions that analysts make about earnings are constantly changing, and the figures for these 33 companies have moved up by 10% or more over the past six months. This is a short list, but if the revisions are accurate, some of these new estimates may provide a basis for substantial stock price gains.

				1982 EPS estimate[2]				
Where traded[1]	Company/principal business	Recent price	1981 EPS	9/30/81	recent	% change	number	% variation[3]
	Mattel/toys	15⅞	$1.68	$ 1.46	$ 2.74	88%	6	21%
	Northwest Inds/multicompany	61	9.99	10.27	14.97	46	8	9
	Compugraphic/precision instruments	12⅛	d 1.34	1.01	1.33	32	3	18
o	Westmoreland Coal/coal	17⅞	d 2.17	2.09	2.75	32	4	21
	Warner Communications/entertainment	56½	3.56	4.41	5.53	25	21	7
	AH Robins/ethical drugs	12¼	1.77	1.56	1.94	24	9	10
	Rochester G&E/utility	14¼	2.92	2.38	2.94	24	7	4
	Diebold/office equipment	52⅛	3.38	3.67	4.35	19	5	8
	Seagram/distilling	51½	8.97	9.77	11.56	18	4	7
	Dyco Petroleum/oil and gas exploration	17⅝	2.00	2.10	2.48	18	4	4
	San Diego G&E/utility	13⅜	2.34	2.11	2.48	18	11	8
	Syntex/ethical drugs	34½	2.80	3.13	3.66	17	18	4
o	Coca-Cola Bottling Miami/soft drinks	33	4.35	4.68	5.43	16	3	3
o	Atlantic Research/comm equipment	18¾	1.90	1.94	2.24	15	5	5
	Baldwin-United/insurance	61⅝	6.96	10.24	11.69	14	5	12
	Dayton Power & Light/utility	15¾	2.50	2.21	2.51	14	11	3
	Royal Crown Cos/soft drinks	16	1.89	1.76	2.00	14	6	17
o	BancOklahoma/bank holding	14⅞	2.46	2.54	2.85	12	4	4
	Puget Sound P&L/utility	13½	2.91	2.37	2.65	12	8	6
	Paradyne/comm equipment	33⅛	1.35	1.83	2.03	11	11	7
	Nevada Power Co/utility	21½	3.46	2.55	2.84	11	9	13
	Public Service Indiana/utility	22⅝	3.42	3.58	3.98	11	19	7
a	Charter Medical/medical services	20	1.47	1.70	1.89	11	6	7
	Eastern Gas & Fuel/coal, gas	19⅞	2.65	3.16	3.50	11	10	9
o	Independent Ins Gp/insurance	17⅝	2.97	2.97	3.29	11	6	1
	Oklahoma Gas & Elec/utility	15⅞	2.01	2.05	2.27	11	18	5
	Montana Power/utility	24⅜	4.04	3.56	3.94	11	11	5
o	Intergraph/computer services	22½	0.75	1.01	1.12	11	10	6
o	Liz Claiborne/apparel	26⅛	3.05	3.67	4.04	10	4	5
o	Pittsburgh Natl/bank holding	26½	5.19	5.28	5.81	10	6	2
	Wisconsin Elec Pwr/utility	31	4.38	4.20	4.63	10	24	5
	Consolidated Edison/utility	34⅞	6.44	5.76	6.34	10	18	6
o	Dollar General/retail	16⅝	1.85	2.00	2.20	10	3	5

[1] All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange and (o) over-the-counter market. [2] For fiscal years ending July to January. [3] Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

Recent revisions—where estimates are falling

Pessimism abounds these days, but for the 56 corporations listed below the analysts' prognosis is considerably gloomier than it was just six months ago. The list includes companies where recent downward adjustments range from 38% to 84%. The lower the number in the right-hand column, the more universal the gloom.

Where traded[1]	Company/principal business	Recent price	1981 EPS	1982 EPS estimates[2] 9/30/81	recent	% change	number	% variation[3]
	Kaiser Alum & Chem/aluminum	14⅜	$ 2.68	$4.72	$ 0.76	-84%	16	121%
	HF Ahmanson/savings and loan	10¾	d 1.36	2.46	0.56	-77	10	293
	Asarco/metals	20½	0.39	4.42	1.08	-76	13	126
	Phelps Dodge/metals	24½	2.61	5.47	1.35	-75	17	96
	UAL/airline	19⅜	d 2.63	4.32	1.18	-73	13	90
	Southwest For Ind/paper, forest products	11⅞	0.91	3.03	0.84	-72	4	73
	Alcan Aluminum/aluminum	19⅛	3.24	4.40	1.44	-67	16	48
	US Home/building	11⅞	0.47	3.18	1.13	-64	12	25
	Great Western Finl/savings and loan	10⅝	d 1.26	2.56	0.95	-63	10	102
	Clark Equipment/machinery	23¾	2.03	4.68	1.86	-60	11	56
	Homestake Mining/gold, lead, zinc	23⅞	1.69	2.71	1.09	-60	9	70
	Spectra-Physics/precision instruments	17¾	0.54	1.74	0.70	-60	5	24
	General Motors/auto	40⅞	1.07	8.74	3.56	-59	14	25
	Evans Products/building	12⅞	0.83	2.75	1.14	-59	4	18
	Amsted Inds/railroad equipment	26½	4.68	5.31	2.20	-59	9	25
	GAF/building, chemicals	13¼	d 2.32	2.04	0.85	-58	5	92
	Overhead Door/building	11⅛	0.58	1.93	0.82	-58	3	2
	Ideal Basic Inds/cement	16	3.83	3.72	1.59	-57	8	58
	Inland Steel/steel	22¼	2.69	5.61	2.43	-57	13	27
	AMAX/metals	27¾	2.57	4.23	1.84	-57	16	73
	Mark Controls/electrical equipment	10	1.28	2.49	1.10	-56	3	26
o	**Intel**/electronics	27⅝	0.62	2.04	0.93	-54	18	22
	Lennar/building	9⅞	1.85	1.93	0.88	-54	5	77
	Aluminum Co of Am/aluminum	24⅜	3.97	4.85	2.28	-53	18	44
	Standard-Pacific/building	8⅝	0.85	2.25	1.06	-53	4	28
	Akzona/chemicals	9½	0.76	2.20	1.05	-52	8	30
	Sun Electric/electronics	8⅞	d 0.12	1.54	0.74	-52	7	34
	Fruehauf/truck trailers	18½	1.74	5.21	2.53	-51	3	18
	Ryan Homes/building	14⅝	0.72	2.43	1.18	-51	11	19
	Kaiser Cement/cement	18⅜	2.27	4.34	2.11	-51	9	29
	Measurex/electrical equipment	16⅝	0.60	1.97	1.01	-49	4	20
	Newmont Mining/metals	3	3.03	5.63	2.90	-48	16	37
	Manville Corp/building	14	1.53	2.62	1.39	-47	14	27
	Sullair/oilfield services	10⅜	0.23	1.71	0.91	-47	3	11
	Northwest Airlines/airline	31	0.48	4.06	2.16	-47	16	34
	Kaufman & Broad/building, insurance	7¾	0.82	1.81	0.97	-46	3	12
o	**Coherent**/lasers	13¼	0.64	1.60	0.86	-46	4	16
	Gordon Jewelry/retail	14½	3.39	4.04	2.24	-45	3	17
	Hexcel/aerospace	14⅜	0.96	2.67	1.50	-44	4	7
	National Can/containers	18⅝	2.34	4.42	2.49	-44	5	21
a	**Ryland Group**/building	11½	0.99	2.48	1.40	-44	4	13
	Pope & Talbot/paper, forest products	15⅜	0.45	2.53	1.45	-43	3	54
	Crown Zellerbach/paper, forest products	24⅜	2.47	3.63	2.11	-42	17	21
	Lone Star Inds/cement	23	4.52	5.12	3.02	-41	7	22
	BF Goodrich/tire and rubber	19⅜	3.53	5.09	3.01	-41	10	27
	Hoover Co/home appliances	9	0.02	1.42	0.85	-40	3	36
	National Gypsum/building	21	2.01	3.23	1.94	-40	8	27
	Weyerhaeuser/paper, forest products	27¼	1.67	3.36	2.03	-40	20	24
	General Datacom/comm equipment	9	0.29	1.08	0.65	-40	6	57
o	**Yellow Frt Sys**/trucking	13	1.16	2.73	1.66	-39	12	19
	Cessna Aircraft/aerospace	17⅛	3.20	4.52	2.75	-39	9	13
	Dow Chemical/chemicals	24	3.00	4.67	2.85	-39	17	14
	Mead/paper	20¾	4.10	5.23	3.21	-39	14	19
	Hoover Universal/auto equipment	15⅛	2.60	3.75	2.30	-39	4	5
	Boise Cascade/paper, forest products	29	4.50	5.43	3.35	-38	20	28
	Amerada Hess/petroleum	17⅝	2.53	6.41	3.98	-38	14	22

[1] All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2] For fiscal years ending July to January. [3] Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

Statistical Spotlight

One-third of the group are utilities, which are benefiting from rate increases and lower fuel costs.

Some industry groups also appear to have improving prospects, as the table on page 178 indicates. But look behind these figures. The coal industry, for example, may show a 64% improvement in 1982 earnings. But several firms had a bad year in 1981. "Other than special situations where companies have unique products in expanding markets, there's very little to cheer about," says Zacks.

His analysis of estimates—called Icarus Service—began in mid-1978 and monitors approximately 30,000 estimates on some 2,700 firms. The input comes from some 1,200 analysts at well over 50 brokerage firms. Icarus produces weekly and monthly reports for institutional investors and financial relations officers.

The real value of the Zacks numbers is the fact that they represent a consensus of several analysts' thinking. To get the full benefit of this diversity, we have included only companies where there are estimates from three or more experts. When you see

Projected earnings declines—the percentage laggards

When economic conditions are bad, some businesses fare worse than others. Analysts predict that the 46 companies in this table will all have substantial profit declines in 1982—ranging from 10% to 74%. The lower the number in the right-hand column, the more agreement there is about individual earnings estimates.

Where traded[1]	Company/principal business	Recent price	Earnings per share[2] 1981	Earnings per share[2] 1982 est	Earnings per share[2] % change	P/E with 1982 estimate	Number of estimates	% variation[3]
	Alcan Aluminium/aluminum	19⅛	$3.24	$ 1.44	–56%	13	16	48%
	Aluminum Co of Amer/aluminum	24⅜	3.97	2.28	–43	11	18	44
	AMAX/metals	27¾	2.57	1.84	–28	15	16	73
	American Standard/building	26⅛	4.14	3.63	–12	7	11	11
	Amsted Inds/railroad equipment	26½	4.68	2.20	–53	12	9	25
	Bethlehem Steel/steel	22¼	4.83	3.52	–27	6	14	23
	Boeing/aerospace	18½	4.90	2.31	–53	8	18	19
	Boise Cascade/paper, forest products	29	4.50	3.35	–26	9	20	28
	Burlington Inds/textiles	19¾	4.10	3.42	–17	6	7	11
	Cessna Aircraft/aerospace	17⅛	3.20	2.75	–14	6	9	13
	Chesapeake Corp Va/paper, forest products	24⅛	4.22	3.31	–22	7	4	3
	Colt Inds/steel	24⅝	4.02	3.57	–11	7	4	6
	Crown Zellerbach/paper, forest products	24⅜	2.47	2.11	–15	12	17	21
	Deltona/real estate	7⅜	1.21	0.78	–36	9	3	21
	Donaldson Co/machinery	16½	2.45	2.06	–16	8	7	14
	Gelco/trucking	19	4.67	3.09	–34	6	7	6
	Giddings & Lewis/machine tool	18½	3.34	3.00	–10	6	12	9
	BF Goodrich/tire and rubber	19⅜	3.53	3.01	–15	6	10	27
a	**Gulfstream Ld & Dev**/real estate	10⅞	1.61	1.23	–24	9	3	2
	Homestake Mining/gold, lead, zinc	23⅞	1.69	1.09	–36	22	9	70
	Hoover Universal/auto equipment	15⅛	2.60	2.30	–12	7	4	5
	Ideal Basic Inds/cement	16	3.83	1.59	–58	10	8	58
o	**JLG Inds/industrial equipment**	6½	0.79	0.32	–59	20	3	25
	Kaiser Alum & Chem/aluminum	14⅜	2.68	0.76	–72	19	16	121
	Lennar Corp/building	9⅞	1.85	0.88	–52	11	5	77
	Lone Star Inds/cement	23	4.52	3.02	–33	8	7	22
	LTV/multicompany	14⅜	8.00	5.29	–34	3	10	14
	Mark Controls/electrical equipment	10	1.28	1.10	–14	9	3	26
	Masonite Corp/building	21¾	1.93	0.50	–74	44	11	68
	Mead Corp/paper	20¾	4.10	3.21	–22	6	14	19
	MGM Films/entertainment	6⅛	0.68	0.53	–22	12	8	42
	Naples Fed Savings/savings and loans	13⅛	1.74	0.76	–56	17	3	37
	National Med Care/medical services	6¼	1.09	0.98	–10	6	5	9
	National Steel/steel	19⅛	4.20	3.06	–27	6	12	25
	Nevada Power/utility	21½	3.46	2.84	–18	8	9	13
	Overseas Shipbldg/shipping	13⅞	3.31	2.69	–19	5	4	18
	Peavey/food processing	17⅝	4.18	3.48	–17	5	9	9
	Phelps Dodge/metals	24½	2.61	1.35	–48	18	17	96
	Quanex/steel	10¾	3.05	2.35	–23	5	4	19
	Savannah Elec & Pwr/utility	10⅞	2.39	1.92	–20	6	3	11
	Scott Paper/paper, forest products	16¾	3.22	2.88	–11	6	13	7
	St Regis Paper/paper, forest products	25	5.35	4.15	–22	6	17	17
	AE Staley Mfg/food processing	17¼	4.75	3.59	–24	5	11	15
o	**Steiger Tractor/agricultural equipment**	8	1.84	1.15	–38	7	4	19
	US Steel/steel	24⅝	7.55	4.94	–35	5	15	32
	Westvaco/paper, forest products	22¼	3.95	3.40	–14	7	14	14

[1] All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2] For fiscal years ending July to January. [3] Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

Statistical Spotlight

an earnings figure, be sure to check the next-to-last column to see how many individual estimates were submitted. Some companies, such as Burroughs and Squibb, draw opinions from as many as 23 analysts. The more estimates, of course, the more reliable the consensus ought to be.

Look also at the last column in the tables: the variation among the individual estimates. The lower this percentage, the more in agreement analysts are about their projections. For companies such as American Medical International, Walter E. Heller and Independent Insurance Group, for example, there seems to be hardly a hint of controversy. This should indicate as reliable an estimate as can be expected at the present time.

High variation, on the other hand, means that analysts are poles apart in their earnings outlook. That's the case with the likes of GAF, Great

Projected earnings gains—the percentage leaders

Despite the current gloom and doom, some corporations are expected to post impressive earnings gains this year. This table includes 96 companies that analysts predict will enjoy increases of 33% or better. The lower the number in the right-hand column, the more agreement there is about individual estimates.

Where traded[1]	Company/principal business	Recent price	Earnings per share[2] 1981	Earnings per share[2] 1982 est	Earnings per share[2] % change	Estimated 1982 P/E	Number of estimates	% variation[3]
	Acme-Cleveland/machine tool	21⅝	$2.40	$ 3.30	38%	7	4	14%
a	**Adobe Oil & Gas**/oil and gas exploration	16½	1.51	2.06	36	8	6	15
o	**Air Wisconsin**/airline	10⅞	0.93	1.31	41	8	5	5
	Airborne Freight/air freight	9	0.66	1.06	61	8	8	24
	Akzona/chemicals	9½	0.76	1.05	38	9	8	30
	Amerada Hess/petroleum	17⅝	2.53	3.98	57	4	14	22
	American Med Intl/medical services	22	1.66	2.37	43	9	17	2
o	**Amer Indem Finl**/insurance	15¾	2.13	2.92	37	5	3	14
	AMF/recreational, industrial prods	17⅝	1.31	3.44	163	5	6	8
o	**Apple Computer**/computer equipment	16¾	0.70	1.19	70	14	10	12
	Ashland Oil/petroleum	21⅜	2.17	5.12	136	4	4	14
	Aydin/electronics	22⅞	1.81	2.57	42	9	5	9
	Baker Intl/oilfield equipment, services	30	3.36	4.54	35	7	18	4
	Baldwin-United/insurance	61⅝	6.96	11.69	68	5	5	12
	Barnes Group/auto equipment	15	0.71	2.50	252	6	6	34
	Beneficial Corp/financial services	16	0.82	2.28	178	7	8	19
a	**Bow Valley Inds**/oil and gas exploration	11¼	0.70	1.03	47	11	3	13
	Brown & Sharpe Mfg/machine tools	16½	1.93	2.67	38	6	4	22
	Burroughs/office equipment	34⅛	3.58	4.93	38	7	23	10
	Carter Hawley Hale/retail	14⅜	1.55	2.40	55	6	15	10
	Central Soya/food processing	11⅛	0.79	1.77	124	6	5	24
	Cluett, Peabody/apparel	14½	2.25	3.17	41	5	4	3
o	**Coherent**/lasers	13¼	0.64	0.86	35	15	4	16
	Coleco Inds/toys	12	1.01	2.10	108	6	6	10
o	**Comp & Com Tech**/data processing equip	21⅛	0.95	1.34	41	16	4	3
	Cray Research/computer equip, services	27¾	1.32	1.89	43	15	9	9
	Daniel Inds/oilfield equipment	15	1.81	2.47	36	6	3	4
a	**Digicon**/oilfield services	19½	1.85	2.99	62	7	5	5
o	**Docutel**/automatic tellers	24⅜	1.67	2.35	41	10	3	2
a	**Dome Petroleum**/oil and gas exploration	7⅜	0.80	1.25	56	6	6	14
	Dravo/building	12½	1.06	2.08	96	6	5	12
	Echlin/auto equipment	12⅝	0.70	1.43	104	9	12	6
	Evans Prods/building	12⅞	0.83	1.14	37	11	4	18
	Fieldcrest Mills/textiles	20½	2.50	3.43	37	6	4	22
	Floating Pt Systems/computer equipment	19⅜	0.81	1.15	42	17	6	8
	Fruehauf/truck trailers	18½	1.74	2.53	45	7	3	18
	General Dynamics/aerospace	24¾	2.25	3.62	61	7	16	5
	General Motors/auto	40⅞	1.07	3.56	233	11	14	25
	Global Marine/oilfield services	11⅞	2.60	3.78	45	3	7	6
	Grumman/aerospace	23¾	1.59	3.28	106	7	9	15
	Harcourt Brace Jovanovich/publishing	13½	2.34	3.13	34	4	3	3
	WE Heller Intl/finance	16⅞	0.85	3.79	346	4	4	2
	Hexcel/aerospace	14⅜	0.96	1.50	56	10	4	7
	Humana/health-care services	24	1.55	2.13	37	11	17	4
a	**Husky Oil**/oil and gas exploration	5⅞	0.56	0.99	77	6	3	19
o	**Intel**/electronics	27⅝	0.62	0.93	50	30	18	22

[1] All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2] For fiscal years ending 1981 to January. [3] Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

Western Financial and Kaiser Aluminum & Chemical. Experts differ widely in their thinking about these companies. As a result, stock prices may be volatile over the next few months as investors draw more precise conclusions about the future.

The alphabetical lists that begin on pages 182 and 184 present estimates for 142 companies that are likely to see major earnings moves—both up and down. But pay close attention to the tables that begin on pages 179 and 181. These lists—ranked in terms of percentage change—include 89 companies where the recent changes have been the most dramatic.

Wall Street should be reacting accordingly. Mattel, for example, scores high on our list of upward revisions, and its shares have zipped ahead by nearly 50% since January. By the same token, AMAX has been hit by a significant downward revision in estimates, and its stock has reacted just as dismally. Similar price adjustments ought to be occurring at other companies on these two lists. If they aren't, there may be buying—or selling—opportunities. ■

Where traded[1]	Company/principal business	Recent price	Earnings per share[2]			Estimated 1982 P/E	Number of estimates	% variation[3]
			1981	1982 est	% change			
o	**Intergraph**/computer services	22⅜	0.75	1.12	49	20	10	6
o	**Interpublic Group**/advertising	27⅝	3.31	5.01	51	6	5	7
o	**Intl Clinical Labs**/medical services	17¾	0.76	1.06	39	17	3	6
	Jim Walter/building materials	16¾	1.09	2.02	85	8	12	30
	K mart/retail	18⅜	1.75	2.37	36	8	19	7
	Kaneb Services/energy services	15½	2.37	3.26	38	5	7	6
o	**Liebert**/computer equipment	17¾	0.65	0.87	34	20	3	7
	Lubrizol/chemicals	20⅜	1.84	2.48	35	8	9	12
	Management Assist/computer equipment	12¼	0.84	1.36	62	9	7	18
	Mattel/toys	15⅞	1.68	2.74	63	6	6	21
o	**May Petroleum**/oil and gas exploration	13⅞	0.88	1.44	64	10	8	16
	MCA/recreation	48⅝	3.77	5.31	41	9	14	10
	Measurex/electrical equipment	16⅝	0.60	1.01	68	16	4	20
o	**Millipore**/lab equipment, supplies	17	0.79	1.43	81	12	8	11
	Northeast Utilities/utility	10¼	1.29	1.76	36	6	16	7
	Northwest Inds/multicompany	61	9.99	14.97	50	4	8	9
o	**Oshman's Sprtng Gds**/retail	15½	1.12	1.58	41	10	3	8
	Overhead Door/building	11⅛	0.58	0.82	41	14	3	2
	Paradyne/communications equipment	33⅛	1.35	2.03	50	16	11	7
o	**Pay'n Save**/drugstores	17⅜	2.34	3.73	59	5	6	17
	Penn Central/multicompany	26⅝	4.18	6.25	50	4	4	23
o	**Pentair**/paper, forest products	13⅛	2.26	3.12	38	4	8	12
	Pittston/coal	18	1.1[illegible]	2.42	114	7	11	9
o	**Pizza Time Theatre**/restaurants	23¾	0.57	1.43	151	17	3	11
o	**Quadrex**/engineering services	10½	1.05	1.45	38	7	3	3
o	**Republic Auto Pts**/auto equipment	8⅝	0.92	1.27	38	7	3	6
	Rohr Industries/aerospace	11½	1.17	1.93	65	6	3	11
	Ryan Homes/building	14⅝	0.72	1.18	64	12	11	19
a	**Ryland Group**/building	11½	0.99	1.40	41	8	4	13
o	**SafeCard Serv**/credit card loss services	9¼	0.84	1.13	35	8	3	7
o	**St Jude Medical**/health-care products	18⅞	0.50	1.08	116	17	3	11
	Squibb/ethical drugs	31	2.23	2.96	33	10	23	3
	Storage Tech/computer services	25⅞	2.61	3.51	35	7	13	7
o	**Tandem Computers**/computer equipment	24⅛	0.71	1.06	49	23	17	5
o	**Tandon Corp**/computer equipment	26⅞	0.52	1.20	131	22	5	13
	Teradyne/electronics	27¾	1.00	1.71	71	16	16	21
	Texas Instruments/electronics	80	4.62	6.29	36	13	19	15
	Texas Oil & Gas/natural gas	27	2.00	2.73	37	10	19	3
a	**TIE Communications**/comm equipment	16½	0.86	1.23	43	13	3	5
	Tonka/toys	23¾	4.02	5.41	34	4	4	11
	Tosco/petroleum	9¼	1.02	2.77	172	3	7	22
	Trans World/airline	20¼	1.27	3.41	169	6	11	28
	US Leasing Intl/finance	23¾	2.24	3.65	63	7	3	11
	Viacom Intl/broadcasting	25¼	1.42	2.13	50	12	11	3
	Warner Communications/entertainment	56½	3.56	5.53	55	10	21	7
	Warner-Lambert/proprietary drugs	23⅛	1.80	2.59	44	9	20	5
o	**HJ Wilson**/retail	17⅛	1.72	2.33	36	7	5	6
	WM Wrigley Jr/food processing	30¼	3.61	4.91	36	6	4	3
	XTRA/trucking	11½	0.58	1.85	219	6	4	11
o	**Yellow Frt Sys**/trucking	13	1.16	1.66	43	8	12	19

[1] All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2] For fiscal years ending July to January. [3] Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

MAY 10, 1982 THREE DOLLARS

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Forbes

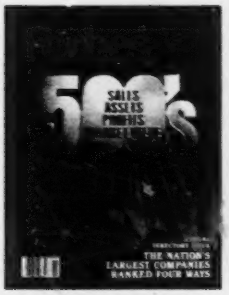
500's
SALES
ASSETS
PROFITS
MARKET VALUE

ANNUAL DIRECTORY ISSUE

THE NATION'S LARGEST COMPANIES RANKED FOUR WAYS

Forbes

May 10, 1982
Volume 129,
Number 10



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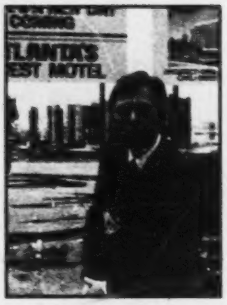

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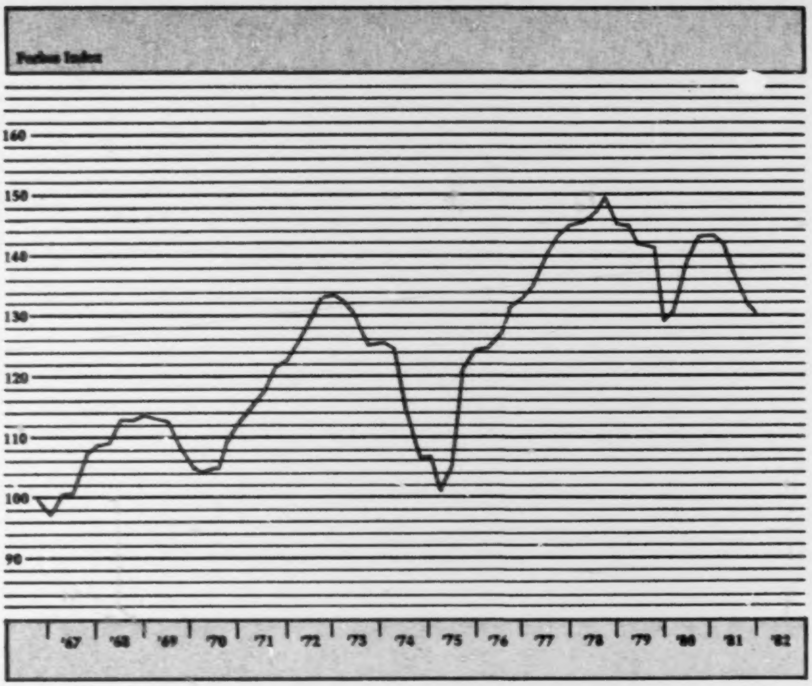
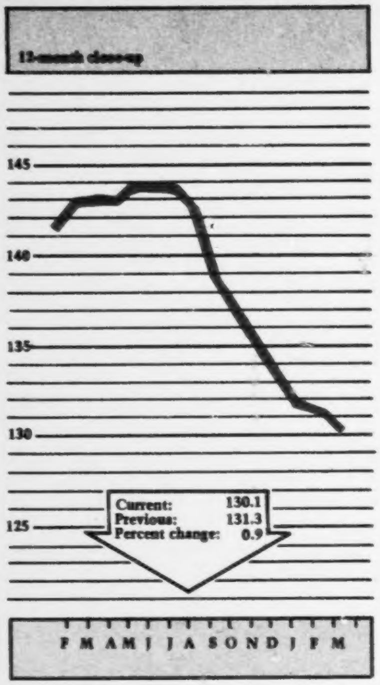
The Forbes Index





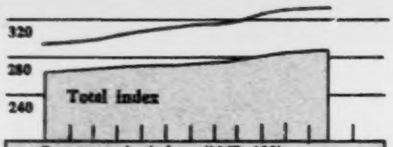
Losing ground. The Forbes Index can't seem to stay on a positive track. After last issue's surprise gain it has slipped back into the negative column. Industrial production fell 0.8% in March, posting its seventh decline during the past eight months. Retail store sales were also off once again, dropping 0.5%. This follows a 2.6% rise in February.

What it all means is that neither consumers nor business is providing enough spark to ignite an economic recovery. Further evidence that consumers are very worried is the fact that installment credit rose only 1.0% while consumer debt liquidation was up by 2.4%. Once rates fall, the pent-up demand for autos and houses should boost consumer confidence and lay the groundwork for a second-half upturn.

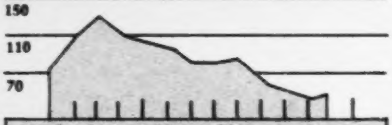
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

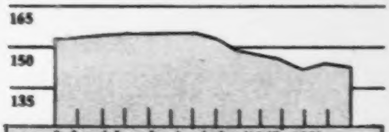
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



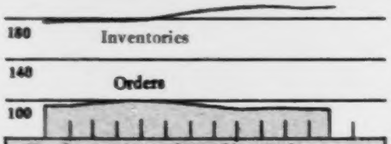
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



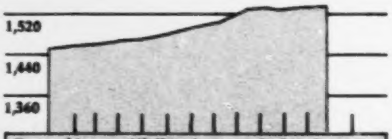
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



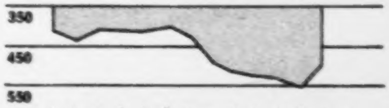
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



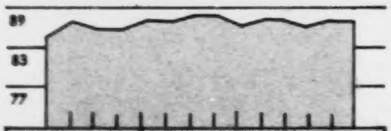
Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



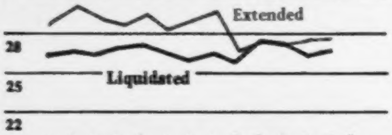
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



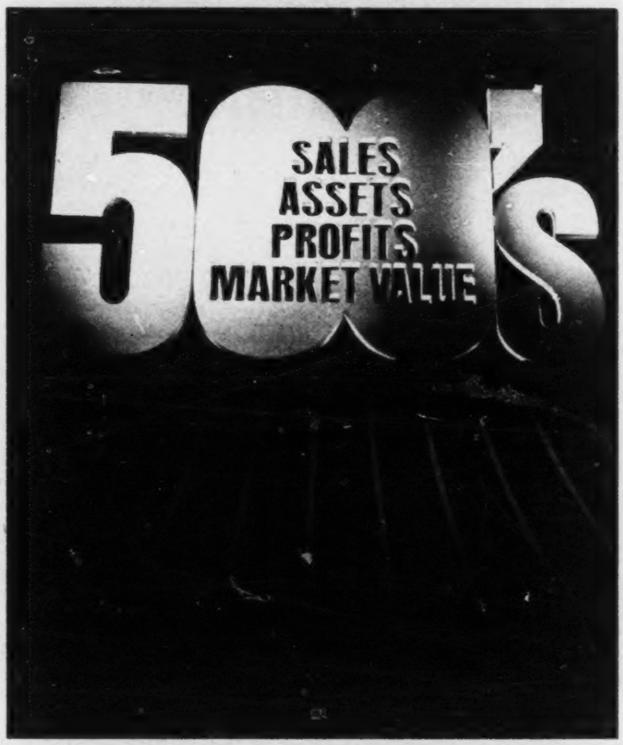
Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

The Forbes 500's

The overall numbers were big but soggy. The post-1974 boom had finally petered out and the recession was on. Here is what happened to sales, profits, assets and market value.



FOR TWO YEARS the vise has been closing—inflation on one side, high interest rates and recession on the other. To see the vise in action, take a look at the figures that track the top 500 U.S. companies in sales, profits, assets and market value:

	1981	1980	1979
Sales	+ 9.9%	+15.0%	+18.8%
Profits	+ 4.4	+ 7.7	+22.5
Assets	+10.7	+11.6	+13.8
Market value	– 11.5	+31.6	+15.9

The totals at the end of 1981

Sales: $2,409,436,400,000
Profits: $ 123,806,520,000
Assets: $3,508,264,105,000
Market value: $ 918,123,430,000

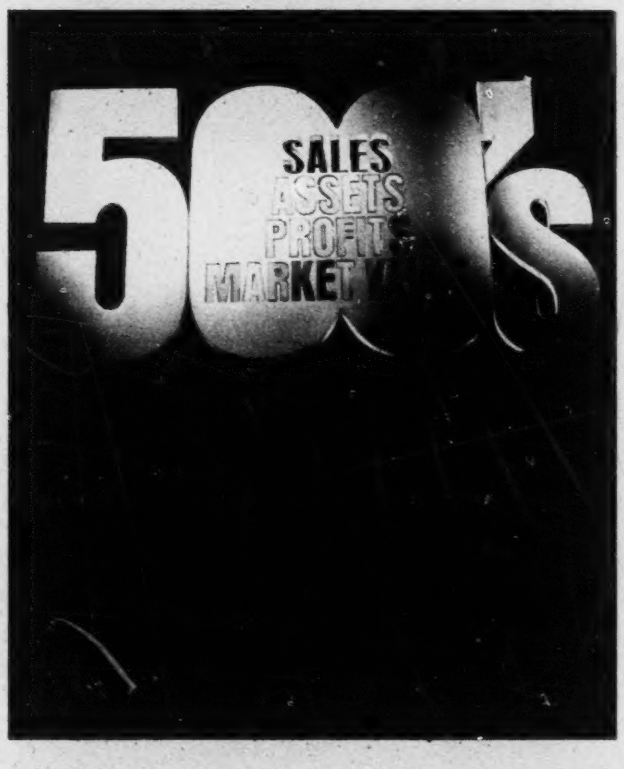
Huge figures. But what do they mean? A number of things, all reflecting U.S. business under stress. First, profits no longer keep pace with sales, as they should in a healthy economy. Earnings have fallen behind not only sales but, in 1981, far behind the inflation rate of 8.9% as measured by the Consumer Price Index. Profit increases also lagged far behind increases in assets. The long post-1974 boom had finally run out of steam.

Total market value suffered the largest year-to-year drop in eight years. The top 500 were worth $918 billion on the last trading day of 1981, compared with $1.037 trillion in 1980. In statistical terms, it means that a dollar invested in the FORBES 500s on Dec. 31, 1981, controlled $3.84 worth of assets; and the 500s' "price/earnings ratio" was 7.7, compared with 1980's 9.2.

Note the summaries beginning on page 254, in which all the companies on the FORBES 500 lists are brought together and their respective rankings noted on all four measures. The champion of the 500s? Once again, it was giant American Telephone & Telegraph. AT&T was number one on three of the four lists—profits, assets and market value—and fourth in sales (behind Exxon, Mobil and General Motors). Ma Bell and its affiliates also rank first in the employment tables beginning on page 294—the only nongovernmental entity in the nation to provide employment for a million people.

The Forbes Sales 500

The 500 largest companies in sales gained $200 billion overall in 1981. That works out to 9%, or just barely ahead of the rate of inflation. Zero real growth?



THE SALES 500 is a world of awesome size. Altogether, the companies listed on the following pages generated $2.4 trillion in sales last year and an increase of $200 billion over the year before. Every company that made the list (as well as three dozen that didn't) had sales of at least $1 billion. Moreover, 110 companies now have more than $5 billion.

Rank 1981	Rank 1980	Company	Sales ($000,000)	% change over 1980
1	1	**Exxon**	108,108	4.8
2	2	**Mobil**	64,488	8.4
3	3	**General Motors**	62,699	8.6
4	5	**American Tel & Tel**	58,214	14.6
5	4	**Texaco**	57,628	12.6

Look beyond sheer size, though, for the real significance: If you take out inflation (last year's increase in the CPI was 8.9%), that $200 billion just about vanishes. Does that mean zero growth across the board for big business? Not exactly. A total of 305 companies matched or bettered that 8.9% inflation rate. The fact is, the average increase of 9% was somewhat lower than that 3-out-of-5 might indicate because some big companies had small increases. Instead of the big sales jumps they had in 1980, the oil companies were feeling the oil glut last year. They still ran ahead of the pack, but not as far ahead, and three of the biggest—Exxon, Mobil and Gulf—failed to keep pace with inflation.

As oil industry sales growth was slowing down, Detroit's revived. All four of the major auto companies managed some kind of increase last year (although, except for Chrysler's 17.3% jump, none kept pace with inflation). But steel was the real bright spot. Armco was up 19.8%, Inland 15.3%, National 14% and U.S. Steel (without Marathon) 11.6%. The steel companies did even better in profitability *(see p. 216)*.

Of the 500 companies, 45 had sales declines last year, while 39 new companies showed up. In many cases, it was because of acquisition or restructuring rather than business fortune. Phibro, for example, spun off Engelhard Corp., acquired Wall Street's Salomon Brothers, and emerged as the 14th-largest company in America. CIGNA, formed by the merger of Connecticut General and INA, showed up as the 36th on the list, while Du Pont's acquisition of Conoco pushed it from 21st to 16th, and the newly merged Nabisco Brands made the list as 87th.

Other big sales gainers: Fast-growing Hospital Corp. of America; Hawaii's Dillingham Co.; Republic Airlines (on the acquisition of Hughes Airwest); Baldwin-United and its growing empire of financial services acquisitions; Mid-Con Corp., the spunoff pipeline, exploration and production arm of Peoples Energy; and the new Penn Central, liveliest phoenix that ever rose from the ashes.

The Forbes Sales 500

Rank 1981	Rank 1980	Company	Sales ($000,000)	% change over 1980
6	6	Standard Oil Calif	44,224	9.3
7	7	Ford Motor	38,247	3.1
8	11	Standard Oil Ind	29,947	14.6
9	10	IBM	29,070	10.9
10	9	Gulf Oil	28,252	6.7
11	15	Atlantic Richfield	27,797	17.1
12	12	Sears Roebuck	27,252	8.7
13	13	General Electric	27,240	9.1
14	8	Phibro	25,098	5.9
15	14	Intl Tel & Tel	23,197	–2.6
16	21	E I du Pont	22,790	66.3
17	16	Shell Oil	21,629	9.1
18	19	Citicorp	18,275	28.6
19	18	Safeway Stores	16,580	9.8
20	20	K mart	16,527	15.2
21	22	Phillips Petroleum	15,965	19.4
22	24	Tenneco	15,462	16.9
23	29	BankAmerica	15,085	24.9
24	25	Sun Company	15,012	16.0
25	27	Occidental Petroleum	14,708	17.9
26	26	United States Steel	13,941	11.6
27	28	United Technologies	13,668	10.9
28	23	Aetna Life & Cas	13,532	1.6
29	31	Standard Oil Ohio	13,457	22.1
30	35	Getty Oil	12,887	27.0
31	33	Dow Chemical	11,873	11.7
32	30	J C Penney	11,860	4.5
33	32	Procter & Gamble	11,416	6.0
34	34	Kroger	11,267	9.2
35	38	General Tel & Elec	11,026	10.5
36	■	CIGNA	10,842	8.2
37	42	Chrysler	10,822	17.3
38	37	Union Oil California	10,746	7.6
39	55	Chase Manhattan	10,651	33.1
40	39	Eastman Kodak	10,337	6.2
41	41	Dart & Kraft	10,211	8.5
42	36	Union Carbide	10,168	1.7
43	43	Travelers	9,801	11.5
44	40	Boeing	9,788	3.8
45	46	R J Reynolds Inds	9,766	15.6
46	56	Amerada Hess	9,396	19.4
47	45	Westinghouse Elec	9,368	10.0
48	52	Ashland Oil	9,262	14.1
49	44	Caterpillar Tractor	9,154	6.5
50	47	Goodyear	9,153	8.4
51	53	RCA	8,998	1.5
52	49	Beatrice Foods	8,773	5.8
53	50	Xerox	8,691	6.0
54	57	Cities Service	8,546	9.8
55	48	Halliburton	8,508	2.2
56	58	Philip Morris	8,307	13.3
57	75	Armco	7,735	19.8
58	54	LTV	7,511	30.8
59	88	Mfrs Hanover	7,476	44.1
60	71	McDonnell Douglas	7,385	21.7
61	84	Gulf & Western Inds	7,379	7.2
62	61	Bethlehem Steel	7,298	8.2
63	68	Household Intl	7,280	17.6
64	59	F W Woolworth	7,223	0.1
65	78	American Express	7,211	31.0
66	64	Lucky Stores	7,201	11.3
67	65	American Stores	7,097	10.5
68	67	Federated Dept Stores	7,068	12.2
69	66	Intl Harvester	7,041	11.6
70	60	Rockwell Intl	7,040	1.9
71	72	PepsiCo	7,027	17.6
72	62	Great Atl & Pac Tea	6,990	4.6
73	63	Monsanto	6,948	5.7
74	89	J P Morgan	6,778	31.0
75	73	General Foods	6,601	10.8
76	69	W R Grace	6,521	6.9
77	70	Minn Mining & Mfg	6,508	7.0
78	77	Allied Corp	6,407	16.1
79	106	Union Pacific	6,375	31.9
80	113	Continental Illinois	6,287	33.3
81	81	Winn-Dixie Stores	6,200	15.1
82	86	Pacific Gas & Elec	6,195	17.8
83	107	Fluor	6,073	25.8
84	92	Coastal Corp	5,910	15.5
85	74	Coca-Cola	5,889	–0.4
86	93	Fedl Natl Mortgage	5,862	12.7
87	■	Nabisco Brands	5,819	4.2
88	82	City Investing	5,797	7.6
89	76	Continental Group	5,795	2.4
90	111	Southland	5,694	19.6
91	120	Chemical New York	5,658	31.6
92	98	Raytheon	5,636	12.7
93	83	Consolidated Foods	5,614	5.1
94	79	Deere	5,447	–0.4
95	129	Utd Energy Resources	5,442	31.6
96	104	CSX	5,432	12.2
97	109	Sperry	5,427	13.4
98	97	Georgia-Pacific	5,414	7.9
99	119	Signal Companies	5,407	24.7
100	105	Johnson & Johnson	5,399	11.6
101	100	Honeywell	5,351	8.7
102	99	TRW	5,285	6.0
103	96	Trans World Airlines	5,265	4.9
104	91	Colgate-Palmolive	5,261	2.6
105	101	Ralston Purina	5,225	6.9
106	80	Lockheed	5,176	–4.1
107	110	Greyhound	5,143	0.4
108	95	UAL	5,141	2.0
109	123	Jewel Companies	5,108	19.7
110	112	General Dynamics	5,063	6.8
111	94	International Paper	4,983	–1.2
112	90	Alcoa	4,978	–3.3
113	132	Dayton-Hudson	4,943	22.5
114	124	Litton Industries	4,943	16.4
115	136	Burlington Northern	4,936	24.8
116	117	Charter	4,922	8.9
117	137	Consolidated Edison	4,866	23.3
118	127	General Mills	4,852	16.4
119	108	American Can	4,836	0.5
120	150	Bankers Trust NY	4,656	26.1
121	126	Super Valu Stores	4,622	10.0
122	133	Dresser Industries	4,615	14.9
123	149	National Steel	4,562	14.0
124	121	American Brands	4,541	–4.4
125	122	Texas Eastern	4,526	5.9
126	116	Weyerhaeuser	4,502	–0.8
127	154	Columbia Gas System	4,426	21.7
128	140	Bendix	4,425	14.6
129	115	Borden	4,415	–3.9
130	125	Loews	4,411	5.0
131	146	Republic Steel	4,382	16.5
132	103	Firestone	4,361	–10.1
133	130	CPC International	4,343	5.4
134	138	Teledyne	4,342	10.8
135	163	First Chicago	4,326	26.7
136	169	First Interstate	4,319	31.0
137	144	Southern Company	4,256	13.1
138	206	Wickes Cos	4,245	47.6
139	182	Security Pacific	4,219	35.4
140	131	Texas Instruments	4,206	3.2
141	128	IC Industries	4,195	1.3
142	147	American Elec Power	4,193	11.6
143	142	Control Data	4,163	9.3
144	118	Transamerica	4,156	–5.2
145	151	Foremost-McKesson	4,133	12.9
146	143	American Home Prod	4,131	8.8
147	141	American Airlines	4,109	7.5
148	145	United Brands	4,058	7.9
149	152	So Calif Edison	4,054	10.7
150	193	Merrill Lynch	4,038	33.6
151	135	CBS	4,027	1.6
152	148	Champion Intl	4,004	6.7
153	139	Owens-Illinois	3,978	1.1
154	155	El Paso	3,909	10.3
155	170	Anheuser-Busch	3,847	16.7
156	159	Kerr-McGee	3,826	10.0
157	180	Combustion Eng	3,810	21.1
158	134	Pan Am World Airways	3,797	–5.5
159	172	Inland Steel	3,755	15.3
160	165	Celanese	3,752	12.1
161	167	Commonwlth Edison	3,737	12.4
162	161	Eastern Air Lines	3,727	8.0
163	190	InterNorth	3,655	20.3
164	160	American Cyanamid	3,649	5.6
165	213	Archer Danls Midland	3,647	30.2
166	171	McDermott	3,600	9.7
167	183	Hewlett-Packard	3,578	15.5
168	203	H J Heinz	3,569	22.0
169	200	Delta Air Lines	3,533	19.5
170	226	Transco Companies	3,525	34.2

■ Not on 500 list in 1980.

The Forbes Sales 500

Rank 1981	Rank 1980	Company	Sales ($000,000)	% change over 1980
171	179	Bristol-Myers	3,497	10.7
172	153	Reynolds Metals	3,481	–4.7
173	188	Albertson's	3,481	14.5
174	197	Pub Svc Elec & Gas	3,472	16.0
175	162	Continental Corp	3,466	1.4
176	168	NCR	3,433	3.3
177	243	Tosco	3,431	43.7
178	186	Emerson Electric	3,429	11.8
179	177	May Dept Stores	3,413	7.6
180	211	Fleming Companies	3,399	20.7
181	158	Warner-Lambert	3,380	–2.9
182	198	Ingersoll-Rand	3,378	13.7
183	181	Diamond Shamrock	3,376	7.4
184	175	Santa Fe Industries	3,367	4.7
185	157	FMC	3,367	–3.3
186	219	ENSERCH	3,362	24.8
187	166	Pacific Lighting	3,357	0.9
188	173	Carnation	3,354	3.6
189	178	PPG Industries	3,354	6.2
190	293	Penn Central	3,349	66.3
191	184	Motorola	3,336	7.7
192	164	Textron	3,328	–1.5
193	209	Burroughs	3,318	16.1
194	235	Wells Fargo	3,306	29.9
195	191	Pillsbury	3,302	8.9
196	205	Time Inc	3,296	14.4
197	227	Martin Marietta	3,294	25.8
198	208	Southern Pacific	3,272	14.4
199	241	Panhandle Eastern	3,266	32.1
200	204	Burlington Inds	3,263	12.5
201	192	Pfizer	3,250	7.3
202	288	Warner Commun	3,237	57.2
203	174	Kaiser Alum & Chem	3,226	0.1
204	246	Digital Equipment	3,198	35.1
205	185	B F Goodrich	3,185	3.4
206	176	Eaton	3,165	-0.4
207	217	American Intl Group	3,155	16.4
208	187	Crown Zellerbach	3,148	2.7
209	199	Norton Simon	3,144	6.3
210	207	Northwest Industries	3,122	8.5
211	194	Boise Cascade	3,107	2.9
212	247	Houston Industries	3,095	30.8
213	249	Florida Power & Lt	3,089	31.6
214	202	Esmark	3,076	5.2
215	156	Tesoro Petroleum	3,035	–14.0
216	223	North Amer Philips	3,030	14.0
217	220	Lincoln National	3,003	11.5
218	225	Supermarkets General	2,999	14.1
219	252	First Natl Boston	2,948	26.3
220	215	Merck	2,929	7.1
221	212	ARA Services	2,916	3.9
222	248	Houston Natural Gas	2,906	23.3
223	218	Mead	2,900	7.1
224	189	Amer Nat Resources	2,896	18.8
225	228	Kimberly-Clark	2,886	11.0
226	224	Carter Hawley Hale	2,871	9.0
227	251	Amer Hospital Supply	2,870	22.7
228	309	Cooper Industries	2,866	55.6
229	210	Levi Strauss	2,851	0.4
230	236	Kidde	2,849	12.2
231	214	Singer	2,834	1.7
232	216	St Regis Paper	2,819	3.9
233	■	Midcon	2,809	13.2
234	201	AMAX	2,799	–5.1
235	232	Campbell Soup	2,798	9.3
236	233	Eli Lilly	2,773	8.4
237	250	Middle South Utils	2,772	18.3
238	222	Borg-Warner	2,761	3.3
239	257	Allied Stores	2,761	20.1
240	253	Melville	2,761	18.4
241	297	Associated Dry Goods	2,751	40.9
242	275	Texas Utilities	2,738	25.9
243	238	Consol Natural Gas	2,738	9.4
244	255	Consumers Power	2,734	18.7
245	239	Hercules	2,718	9.4
246	237	Dana	2,711	7.4
247	240	Pennzoil	2,682	8.0
248	245	Interco	2,674	12.9
249	244	R H Macy	2,657	11.9
250	294	Crocker National	2,654	32.3
251	269	Texas Gas Transmn	2,649	18.8
252	229	Avon Products	2,614	1.7
253	242	Quaker Oats	2,600	8.1
254	234	American Motors	2,589	1.4
255	321	SONAT	2,569	47.2
256	267	Missouri Pacific	2,524	12.8
257	268	Alco Standard	2,522	12.9
258	282	American Petrofina	2,504	19.3
259	334	Wal-Mart Stores	2,496	47.0
260	285	Dillon Companies	2,495	20.1
261	■	Baldwin-United	2,492	165.2
262	305	Marine Midland Bks	2,484	33.6
263	274	McDonald's	2,477	13.4
264	221	American Standard	2,471	–7.6
265	281	NL Industries	2,464	16.4
266	295	Murphy Oil	2,447	24.4
267	265	Whirlpool	2,437	8.6
268	279	Phila Electric	2,433	14.6
269	261	McGraw-Edison	2,429	7.3
270	262	Amer Broadcasting	2,421	7.3
271	326	Irving Bank	2,390	37.3
272	258	American General	2,388	4.2
273	259	Owens-Corning Fbrgls	2,375	3.9
274	272	Revlon	2,366	7.4
275	292	Abbott Laboratories	2,343	14.9
276	264	USF&G	2,337	3.7
277	254	Gillette	2,334	0.8
278	336	Valero Energy	2,333	37.1
279	■	Wilson Foods	2,326	3.5
280	278	Avco	2,326	8.2
281	230	Beneficial Corp	2,324	–9.5
282	273	Ogden	2,324	6.3
283	277	Kellogg	2,321	7.9
284	283	Scott Paper	2,309	10.9
285	■	Swift Independent	2,302	10.8
286	266	IU International	2,276	1.6
287	256	Uniroyal	2,260	–1.7
288	302	United Telecom	2,255	18.0
289	350	Mellon National	2,246	40.9
290	276	Colt Industries	2,243	3.6
291	291	Pittston	2,228	8.6
292	■	Engelhard	2,192	–30.9
293	260	Manville	2,186	–3.6
294	319	MAPCO	2,179	23.1
295	270	Genl Tire & Rubber	2,175	–1.8
296	284	Fruehauf	2,175	4.5
297	290	White Consolidated	2,173	5.6
298	289	Stop & Shop	2,168	5.3
299	280	Va Electric & Power	2,162	2.0
300	316	Niagara Mohawk Pwr	2,151	21.0
301	300	Amfac	2,148	11.7
302	307	Malone & Hyde	2,147	15.8
303	358	Baker International	2,140	38.3
304	306	Times Mirror	2,131	14.7
305	296	Jim Walter	2,121	4.1
306	325	NICOR	2,115	21.5
307	373	Kemper	2,076	42.2
308	392	InterFirst	2,070	49.7
309	310	General Public Utils	2,065	12.8
310	431	Hospital Corp of Am	2,064	67.6
311	323	Morrison-Knudsen	2,058	18.0
312	368	Superior Oil	2,057	37.4
313	329	Central & South West	2,055	18.7
314	312	Detroit Edison	2,054	13.3
315	287	Allis-Chalmers	2,042	–1.1
316	301	J P Stevens	2,031	6.0
317	299	Koppers	2,019	4.6
318	344	A E Staley Mfg	2,006	21.1
319	308	Olin	2,001	8.0
320	332	Marriott	2,000	16.4
321	345	Northrop	1,991	20.3
322	318	SmithKline Beckman	1,985	12.0
323	314	Intl Minerals & Chem	1,985	10.9
324	414	Amstar	1,980	54.1
325	286	Williams Companies	1,976	–4.7
326	322	Central Soya	1,975	13.2
327	304	St Paul Companies	1,971	5.5
328	343	Cummins Engine	1,962	17.7
329	315	Turner Construction	1,953	9.2
330	339	Ryder System	1,946	14.9
331	303	SCM	1,938	2.4
332	335	Anderson, Clayton	1,930	13.3
333	298	Crum & Forster	1,925	–0.4
334	330	Grumman	1,916	10.8
335	340	Duke Power	1,908	13.4

■ Not on 500 list in 1980.

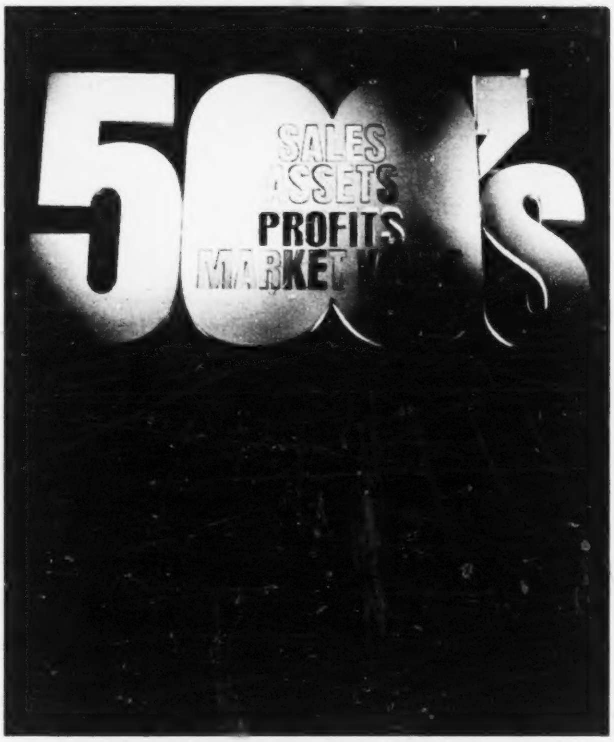
The Forbes Sales 500

Rank 1981	Rank 1980	Company	Sales ($000,000)	% change over 1980
336	■	**Allegheny Intl**	1,908	106.6
337	370	**Northwest Bancorp**	1,904	28.8
338	320	**Upjohn**	1,903	7.7
339	331	**Rohm & Haas**	1,885	9.2
340	380	**Petrolane**	1,878	31.8
341	347	**Northwest Airlines**	1,854	13.1
342	271	**Gould**	1,852	–16.0
343	328	**Castle & Cooke**	1,845	6.4
344	351	**Zayre**	1,838	15.3
345	404	**Sigmor**	1,835	38.2
346	327	**Schering-Plough**	1,809	3.9
347	353	**Norfolk & Western Ry**	1,802	14.3
348	337	**Sterling Drug**	1,793	5.4
349	348	**Southern Railway**	1,791	9.3
350	402	**First Bank System**	1,790	34.0
351	361	**Holiday Inns**	1,765	15.1
352	437	**Hughes Tool**	1,759	45.8
353	324	**Ethyl**	1,757	1.0
354	357	**Jack Eckerd**	1,753	13.2
355	428	**Republic of Texas**	1,749	40.3
356	313	**Emhart**	1,747	–3.1
357	362	**Walgreen**	1,743	13.9
358	342	**PACCAR**	1,735	3.7
359	338	**Stauffer Chemical**	1,726	1.8
360	333	**National Distillers**	1,703	–0.4
361	366	**General Signal**	1,702	11.9
362	391	**Tandy**	1,691	22.2
363	■	**Primark**	1,687	19.2
364	369	**Giant Food**	1,684	13.5
365	355	**Foster Wheeler**	1,674	7.1
366	390	**Whittaker**	1,672	19.7
367	354	**Union Camp**	1,666	5.8
368	419	**Long Island Lighting**	1,665	30.4
369	405	**Northeast Utilities**	1,655	25.0
370	■	**Dillingham**	1,627	22.0
371	364	**Tiger International**	1,624	6.3
372	388	**Cabot**	1,623	15.6
373	365	**Crane**	1,611	5.5
374	450	**Allegheny Power**	1,607	38.6
375	443	**Texas Oil & Gas**	1,606	35.4
376	363	**Corning Glass Works**	1,599	4.5
377	379	**Heublein**	1,591	11.3
378	421	**Continental Tel**	1,590	25.4
379	378	**Genuine Parts**	1,585	10.7
380	487	**Texas Commerce Bshs**	1,583	53.9
381	478	**First City Bancorp**	1,580	48.8
382	383	**Air Prods & Chems**	1,570	10.5
383	396	**H F Ahmanson**	1,564	14.1
384	397	**No Indiana Pub Svc**	1,556	13.9
385	411	**Harris Corp**	1,552	19.3
386	385	**Westvaco**	1,551	10.0
387	412	**Wheelabrator-Frye**	1,548	19.1
388	410	**Natomas**	1,537	16.9
389	424	**Sherwin-Williams**	1,537	21.6
390	356	**National Can**	1,534	–1.1
391	311	**ASARCO**	1,532	–15.7
392	382	**Lear Siegler**	1,531	7.5
393	393	**Chesebrough-Pond's**	1,530	10.8
394	341	**Squibb**	1,524	–9.1
395	459	**Dravo**	1,512	35.7
396	394	**Baxter Travenol Labs**	1,504	9.4
397	430	**Wetterau**	1,503	21.3
398	464	**Bank of New York**	1,495	35.7
399	395	**Gt Northern Nekoosa**	1,493	8.7
400	384	**Fisher Foods**	1,493	5.6
401	371	**U S Gypsum**	1,491	1.1
402	422	**Crown Central Petrol**	1,487	17.4
403	381	**Evans Products**	1,471	3.3
404	403	**Hershey Foods**	1,451	8.7
405	387	**MCA**	1,451	3.4
406	■	**Republic Airlines**	1,448	58.0
407	456	**E F Hutton Group**	1,444	28.3
408	376	**Phelps Dodge**	1,439	–0.1
409	409	**Safeco**	1,436	9.0
410	408	**George A Hormel**	1,434	8.5
411	377	**Black & Decker**	1,431	–0.5
412	389	**Blue Bell**	1,427	2.1
413	401	**Timken**	1,427	6.6
414	485	**Seafirst**	1,425	37.4
415	463	**General Re**	1,423	28.9
416	432	**Baltimore Gas & Elec**	1,421	15.9
417	375	**Polaroid**	1,420	–2.2
418	427	**Pitney Bowes**	1,414	12.5
419	413	**Chubb**	1,409	9.0
420	445	**Hammermill Paper**	1,400	18.3
421	406	**Northwest Energy**	1,399	5.7
422	■	**Farm House Foods**	1,390	200.9
423	439	**Sysco**	1,386	15.7
424	488	**NBD Bancorp**	1,380	34.9
425	■	**ConAgra**	1,377	63.3
426	407	**Armstrong World Inds**	1,376	4.0
427	420	**Waldbaum**	1,376	8.2
428	448	**Alleghany**	1,374	17.9
429	372	**Crown Cork & Seal**	1,374	–5.9
430	435	**Gannett**	1,367	12.5
431	359	**Clark Equipment**	1,360	–11.7
432	475	**Carolina Pwr & Lt**	1,344	24.9
433	458	**Humana**	1,343	20.2
434	■	**Fairchild Industries**	1,339	47.7
435	433	**Brown Group**	1,338	9.6
436	425	**Commercial Metals**	1,337	5.9
437	452	**Public Service Colo**	1,336	15.6
438	417	**Norton**	1,335	4.1
439	446	**Dun & Bradstreet**	1,331	13.2
440	423	**Avnet**	1,316	3.9
441	■	**Peoples Energy**	1,316	7.1
442	466	**Revco D S**	1,310	19.9
443	447	**Witco Chemical**	1,292	9.9
444	416	**Diamond Intl**	1,289	0.5
445	■	**Pacific Pwr & Lt**	1,289	32.1
446	468	**New England Electric**	1,282	17.6
447	451	**No States Power**	1,281	10.5
448	472	**Ohio Edison**	1,280	18.4
449	■	**Florida Power**	1,278	31.8
450	444	**Zenith Radio**	1,275	7.5
451	360	**AMF**	1,272	–17.1
452	462	**Mercantile Stores**	1,269	14.6
453	■	**First Executive**	1,258	128.0
454	460	**Campbell Taggart**	1,258	13.0
455	483	**Louisiana Land**	1,255	21.1
456	■	**Colonial Penn Group**	1,254	56.9
457	461	**R R Donnelley & Sons**	1,244	11.9
458	465	**Knight-Ridder News**	1,237	12.6
459	453	**AMP**	1,234	6.8
460	398	**First Natl Supermkts**	1,230	–9.9
461	449	**Libbey-Owens-Ford**	1,227	5.7
462	457	**Pantry Pride**	1,225	9.0
463	■	**Pioneer**	1,225	34.3
464	495	**Gulf States Utils**	1,222	21.5
465	429	**West Point-Pepperell**	1,222	–1.9
466	■	**Centl Louisiana Engy**	1,208	38.6
467	479	**Flickinger**	1,198	12.9
468	■	**Smith International**	1,194	52.3
469	492	**Marshall Field**	1,194	17.9
470	■	**GATX**	1,191	19.9
471	374	**Braniff Intl**	1,189	–18.1
472	482	**Akzona**	1,188	12.7
473	■	**Entex**	1,187	22.3
474	■	**Parsons**	1,184	53.2
475	■	**Arkla**	1,179	21.0
476	■	**Gt Western Financial**	1,174	17.7
477	■	**San Diego Gas & Elec**	1,160	20.7
478	476	**Harsco**	1,158	18.9
479	496	**Eastern Gas & Fuel**	1,157	15.4
480	494	**Wisconsin Elec Pwr**	1,152	14.4
481	469	**Wheeling-Pitts Steel**	1,151	6.2
482	500	**Square D**	1,144	14.5
483	346	**Consol Freightways**	1,144	–30.8
484	■	**Mattel**	1,134	23.9
485	■	**Penn Power & Light**	1,133	28.0
486	454	**Roadway Express**	1,130	–2.2
487	470	**Rexnord**	1,130	4.3
488	■	**Johnson Controls**	1,128	16.9
489	490	**Ex-Cell-O**	1,124	10.2
490	■	**Fischbach**	1,119	22.0
491	■	**Perkin-Elmer**	1,116	12.0
492	■	**U S Air**	1,110	14.3
493	498	**McGraw-Hill**	1,110	11.0
494	■	**Natl Semiconductor**	1,110	13.2
495	489	**Parker-Hannifin**	1,106	8.2
496	474	**Union Electric**	1,106	2.6
497	■	**Federal Co**	1,100	12.8
498	■	**Joy Manufacturing**	1,095	17.2
499	■	**Pneumo**	1,094	11.2
500	■	**Raymond Intl**	1,092	67.2

■ Not on 500 list in 1980.

The Forbes Profits 500

A $5.2 billion profit increase sounds like a lot, but crank in inflation, and two out of five companies lost ground last year, including eight of the top ten.



CONSIDER THIS: The 500 largest profit generators in American business had $123.8 billion in net earnings last year, compared with $118.6 billion in 1980. That's an increase of 4%, far less than inflation and the worst showing since 1975. But thanks to Reagan's Economic Recovery Act of 1981 and its speeded-up depreciation, cash flow was another story. It increased by 8.9%, or more than twice as much as profits. That just kept up with the 8.9% increase in the CPI in 1981. In prior years, cash flow increases often ran behind earnings increases (in 1980, for example, earnings increased 7.7% but cash flow only 7.1%).

If one industry looked good, it was steel: Republic up 273%; U.S. up 135%; Bethlehem up 74%. But don't be deceived. Steel looked good only in comparison with a weak 1980. And its recovery proved short-lived: 1982 looks as if it will be the worst in the industry's recent history.

Again, eight of the top ten profitmakers were oils, but gone were those big profits of 1980. The three largest—Exxon, Mobil and Standard of California—were among 104 companies showing declines. Obscene profits? If anything was obscene it was the declining profitability and deteriorating balance sheets of U.S. industry brought on by inflation and the Fed's desperate fight to control inflation.

Rank 1981	Rank 1980	Company	Net profits ($000,000)	% change over 1980	Cash flow ($000,000)	Cash flow rank 1981
1	1	**American Tel & Tel**	6,888.1	13.3	17,208	1
2	2	**Exxon**	5,567.5	–1.5	10,428	2
3	3	**IBM**	3,308.0	–7.1	7,703	3
4	4	**Mobil**	2,433.0	–13.5	4,333	5
5	5	**Standard Oil Calif**	2,380.0	–0.9	3,607	8
6	6	**Texaco**	2,310.0	3.1	3,833	6
7	8	**Standard Oil Ohio**	1,946.9	7.5	2,858	13
8	7	**Standard Oil Ind**	1,922.0	0.3	3,816	7
9	10	**Shell Oil**	1,701.0	10.3	3,475	10
10	9	**Atlantic Richfield**	1,671.3	1.2	3,589	9
11	11	**General Electric**	1,652.0	9.1	2,632	15
12	13	**Eastman Kodak**	1,239.0	7.4	1,868	23
13	12	**Gulf Oil**	1,231.0	–12.5	2,885	12
14	22	**E I du Pont**	1,081.0	51.0	2,724	14
15	46	**United States Steel**	1,077.2	134.7	1,380	30
16	21	**Sun Company**	1,076.0	48.8	1,784	26
17	■	**CIGNA**	961.8	59.8	1,869	22
18	14	**Phillips Petroleum**	879.4	–17.8	1,954	20
19	18	**Getty Oil**	856.9	–1.7	2,041	19
20	20	**Tenneco**	812.9	12.0	2,135	18

■ Not on 500 list in 1980.

The Forbes Profits 500

Rank 1981	Rank 1980	Company	Net profits ($000,000)	% change over 1980	Cash flow ($000,000)	Cash flow rank 1981
21	27	Union Oil California	791.4	22.3	1,812	25
22	26	R J Reynolds Inds	767.8	14.5	1,270	31
23	23	Occidental Petroleum	722.2	1.6	1,069	35
24	41	General Tel & Elec	722.0	51.1	2,338	17
25	32	Philip Morris	676.2	17.2	1,013	36
26	39	Halliburton	674.3	34.8	964	41
27	24	Minn Mining & Mfg	673.3	–0.7	994	37
28	29	Procter & Gamble	668.0	3.9	972	39
29	17	Intl Tel & Tel	652.0	–27.2	2,358	16
30	25	Union Carbide	649.0	–3.5	1,172	32
31	30	Xerox	598.2	–3.4	1,909	21
32	33	Sears Roebuck	592.1	6.2	1,779	27
33	34	Caterpillar Tractor	578.9	2.5	1,085	34
34	37	Pacific Gas & Elec	564.6	7.6	694	62
35	19	Dow Chemical	564.0	–29.9	1,484	29
36	40	Citicorp	531.0	6.4	838	46
37	72	International Paper	525.0	67.2	704	60
38	58	American Express	518.0	37.8	2,942	11
39	47	American Home Prod	497.3	11.5	586	77
40	38	Aetna Life & Cas	491.1	–3.4	1,143	33
41	69	So Calif Edison	489.9	54.3	511	100
42	48	Coca-Cola	481.8	14.1	706	59
43	31	Boeing	473.0	–21.2	932	42
44	53	Johnson & Johnson	467.6	16.7	723	58
45	54	United Technologies	457.7	16.3	763	53
46	149	Bendix	452.8	136.3	527	95
47	56	Commonwlth Edison	449.9	17.8	745	56
48	66	Consolidated Edison	448.0	33.9	809	47
49	28	BankAmerica	445.4	–30.8	974	38
50	200	Monsanto	445.1	199.1	806	49
51	65	Teledyne	441.8	30.5	395	155
52	52	Westinghouse Elec	438.0	8.7	626	70
53	191	Northwest Industries	419.3	169.8	524	97
54	60	Chase Manhattan	412.2	16.4	633	68
55	51	Union Pacific	410.7	1.5	865	45
56	235	LTV	405.0	196.7	612	73
57	49	Merck	398.3	–4.1	545	87
58	110	J C Penney	386.8	66.0	561	83
59	50	American Brands	386.1	–4.8	412	144
60	63	Eli Lilly	374.5	9.5	482	109
61	75	SmithKline Beckman	370.0	20.1	423	141
62	61	American Elec Power	368.3	5.7	799	50
63	86	CSX	367.7	30.6	806	48
64	83	W R Grace	361.3	27.3	633	69
65	67	Superior Oil	361.3	8.0	919	43
66	59	Travelers	359.4	–1.7	1,817	24
67	77	Texas Utilities	359.4	20.7	410	145
68	81	Allied Corp	348.0	20.4	684	64
69	64	J P Morgan	347.7	1.7	453	125
70	55	Dart & Kraft	347.5	–9.3	645	67
71	85	American Intl Group	345.3	22.4	746	55
72	102	Digital Equipment	343.3	37.4	456	123
73	73	Duke Power	336.3	8.1	498	102
74	78	PepsiCo	333.5	14.3	580	80
75	■	General Motors	333.4	D–P	4,594	4
76	62	Southern Company	326.0	–5.4	971	40
77	84	Raytheon	324.0	14.8	493	105
78	96	Dresser Industries	316.6	21.3	465	117
79	175	NL Industries	316.0	88.5	459	121
80	91	Sperry	313.0	13.0	533	92
81	94	Hewlett-Packard	312.0	16.0	485	107
82	79	Litton Industries	311.6	7.1	481	110
83	93	Bristol-Myers	305.8	13.0	372	166
84	80	Beatrice Foods	304.2	4.8	506	101
85	45	Alcoa	296.2	–37.0	550	86
86	88	Rockwell Intl	291.8	4.1	426	138
87	99	Gulf & Western Inds	291.2	13.7	458	122
88	111	Norfolk & Western Ry	291.1	25.2	474	113
89	95	Armco	290.4	8.9	520	98
90	36	Phibro	289.3	–38.0	339	180
91	204	Cooper Industries	284.5	94.0	371	167
92	142	Middle South Utils	281.5	43.7	177	335
93	115	Phila Electric	277.6	22.2	384	161
94	109	Emerson Electric	273.3	15.0	365	171
95	121	Burlington Northern	272.2	22.1	542	88
96	■	Nabisco Brands	266.3	13.4	368	168
97	123	McDonald's	264.8	19.9	447	128
98	122	Loews	264.3	19.1	516	99
99	92	Pub Svc Elec & Gas	264.1	–4.1	603	75
100	166	United Telecom	261.8	47.6	617	72
101	157	Panhandle Eastern	261.6	42.4	553	85
102	90	Federated Dept Stores	258.5	–6.9	454	124
103	87	Honeywell	256.3	–8.8	591	76
104	98	General Foods	255.4	–0.2	360	172
105	230	Hughes Tool	255.2	93.1	358	173
106	116	Continental Illinois	254.6	12.7	430	137
107	112	Mfrs Hanover	252.1	10.3	380	163
108	114	Deere	251.0	10.0	390	157
109	119	Consumers Power	247.8	10.7	424	139
110	135	Long Island Lighting	247.7	20.8	227	263
111	126	Abbott Laboratories	247.3	15.3	331	185
112	133	Goodyear	243.9	18.0	477	111
113	130	InterNorth	243.1	14.8	539	89
114	76	Santa Fe Industries	242.2	–19.8	608	74
115	118	Continental Group	239.9	7.0	498	104
116	141	Houston Natural Gas	238.7	21.4	366	170
117	105	Va Electric & Power	237.8	–1.6	498	103
118	117	First Interstate	236.1	4.9	399	153
119	68	Weyerhaeuser	234.4	–27.1	680	65
120	151	Detroit Edison	234.4	24.3	404	148
121	132	Natomas	232.5	11.6	527	94
122	164	Penn Power & Light	231.7	28.9	131	402
123	44	AMAX	230.8	–50.9	474	112
124	129	TRW	228.8	8.0	488	106
125	221	Warner Commun	226.5	65.2	275	223
126	219	Baker International	225.0	62.3	339	179
127	138	Florida Power & Lt	224.1	13.0	528	93
128	74	Pennzoil	221.6	–28.2	539	91
129	100	Pfizer	221.3	–13.1	325	191
130	107	Transamerica	220.7	–7.8	685	63
131	182	Niagara Mohawk Pwr	220.6	35.7	308	200
132	124	Texas Eastern	220.6	0.4	582	78
133	97	K mart	220.3	–15.5	460	120
134	106	Avon Products	219.9	–8.9	258	240
135	139	CPC International	218.4	10.6	290	213
136	169	Anheuser-Busch Cos	217.4	26.5	436	132
137	156	Houston Industries	216.4	17.6	464	118
138	178	Utd Energy Resources	215.7	30.4	383	162
139	174	Signal Companies	214.0	27.6	409	147
140	35	Amerada Hess	212.6	–60.7	749	54

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The Forbes Profits 500

Rank 1981	Rank 1980	Company	Net profits ($000,000)	% change over 1980	Cash flow ($000,000)	Cash flow rank 1981
141	161	Southern Railway	212.1	17.2	432	135
142	131	PPG Industries	211.2	1.0	399	154
143	158	Kerr-McGee	211.1	15.9	525	96
144	252	Bethlehem Steel	210.9	74.3	580	79
145	168	Colgate-Palmolive	208.4	20.3	292	210
146	101	NCR	208.2	–18.2	659	66
147	160	Security Pacific	206.4	13.9	402	150
148	155	Kellogg	205.4	11.1	265	236
149	167	Chemical New York	205.2	18.3	329	186
150	159	Kimberly-Clark	204.7	12.6	308	201
151	154	Central & South West	204.5	10.5	448	127
152	183	Carolina Pwr & Lt	203.6	26.2	439	131
153	146	Continental Corp	203.5	5.7	320	193
154	136	Merrill Lynch	202.9	–0.2	278	220
155	152	Martin Marietta	200.1	6.3	465	116
156	208	Arizona Public Serv	197.4	37.8	225	267
157	187	American Cyanamid	197.1	23.8	375	164
158	198	ENSERCH	197.0	31.2	326	190
159	173	General Mills	196.6	15.6	318	194
160	170	Columbia Gas System	195.5	14.5	562	82
161	177	Missouri Pacific	194.3	17.0	410	146
162	186	Ingersoll-Rand	193.3	20.6	281	218
163	212	Texas Oil & Gas	191.9	36.0	442	129
164	■	Republic Steel	190.1	272.8	344	177
165	127	Bankers Trust NY	188.0	–12.1	263	237
166	225	Ohio Edison	183.0	35.4	273	226
167	172	Upjohn	181.8	6.7	234	260
168	108	Schering-Plough	179.3	–25.1	241	252
169	171	St Regis Paper	179.2	5.1	303	205
170	194	General Re	177.5	15.0	420	142
171	207	McDonnell Douglas	176.6	22.2	316	196
172	184	Crum & Forster	176.2	9.2	270	231
173	264	Archer Danls Midland	176.0	51.8	254	243
174	153	Motorola	175.0	–6.0	357	174
175	147	Revlon	174.8	–9.2	252	244
176	181	Ralston Purina	174.8	7.2	293	209
177	215	SONAT	173.7	24.5	357	175
178	203	Dayton-Hudson	173.4	18.2	287	216
179	196	Gannett	172.5	13.5	252	245
180	120	Levi Strauss	172.3	–23.0	219	276
181	192	Carnation	172.3	11.3	219	275
182	239	Borg-Warner	172.1	36.5	260	239
183	273	Tandy	169.6	51.1	201	295
184	176	Amer Genl Insurance	169.0	1.0	768	52
185	179	Union Camp	168.9	2.3	301	206
186	319	Penn Central	168.7	80.2	390	158
187	113	USF&G	168.6	–26.2	911	44
188	190	Southern Pacific	167.7	7.6	424	140
189	227	Pacific Pwr & Lt	167.5	25.2	328	188
190	209	H J Heinz	167.5	17.2	243	250
191	213	Control Data	167.3	18.7	432	136
192	144	CBS	163.8	–15.1	251	246
193	197	Murphy Oil	163.0	8.3	579	81
194	104	Georgia-Pacific	160.0	–34.4	555	84
195	201	Borden	159.9	8.2	289	214
196	278	St Paul Companies	159.4	44.4	391	156
197	202	Freeport-McMoran	159.4	8.1	374	165
198	231	Fluor	159.2	20.7	272	227
199	193	Union Electric	157.1	1.5	169	346
200	240	Cleveland Elec Illum	155.7	24.2	238	255
201	199	Owens-Illinois	154.1	3.2	339	181
202	206	Intl Minerals & Chem	153.8	5.4	334	183
203	256	Consol Natural Gas	151.8	28.1	328	187
204	347	Textron	151.8	76.3	200	296
205	247	Public Service Ind	151.6	23.6	228	262
206	260	Gulf States Utils	150.9	28.8	214	282
207	234	Baxter Travenol Labs	150.6	17.3	222	271
208	217	Times Mirror	150.3	8.0	266	232
209	222	Stauffer Chemical	149.9	9.8	306	203
210	216	Baltimore Gas & Elec	149.7	7.4	315	197
211	362	Burroughs	148.9	81.7	733	57
212	211	Time Inc	148.8	5.4	292	211
213	263	Combustion Eng	147.3	26.3	266	234
214	■	El Paso	147.3	D–P	433	133
215	259	InterFirst	146.7	24.4	220	274
216	249	Amer Hospital Supply	146.6	20.0	202	292
217	320	Delta Air Lines	146.5	57.2	401	151
218	205	Amer Broadcasting	146.3	0.0	205	289
219	163	Louisiana Land	145.2	–19.4	452	126
220	250	Celanese	144.0	18.0	385	160
221	246	Continental Tel	143.9	17.0	433	134
222	213	Household Intl	142.2	0.9	387	159
223	237	Consolidated Foods	140.3	9.9	275	224
224	254	Transco Companies	140.1	16.5	539	90
225	210	FMC	139.5	–2.2	472	115
226	258	Amer Nat Resources	138.1	30.4	472	114
227	301	Texas Commerce Bshs	137.5	35.5	226	266
228	280	Holiday Inns	137.4	26.9	292	212
229	295	National Distillers	136.7	32.3	180	326
230	269	Hercules	136.5	19.7	277	221
231	268	Melville	136.1	18.7	207	288
232	257	Greyhound	135.1	16.4	341	178
233	232	AMP	134.8	2.7	200	297
234	253	IC Industries	134.4	11.4	331	184
235	228	Scott Paper	133.3	–0.1	271	229
236	372	Smith International	133.1	68.3	191	310
237	103	Kaiser Alum & Chem	132.9	–46.3	211	286
238	189	Lincoln National	132.7	–15.3	791	51
239	294	Allegheny Power	132.5	27.7	235	259
240	315	Texas Gas Transmn	130.9	37.7	305	204
241	245	Sterling Drug	130.3	5.6	170	343
242	226	Campbell Soup	129.7	–3.6	216	280
243	■	Firestone	129.0	D–P	346	176
244	335	First City Bancorp	129.0	44.8	181	324
245	317	Kroger	128.0	35.7	255	242
246	277	No States Power	127.6	14.6	293	208
247	270	Illinois Power	127.4	12.2	170	342
248	■	Consol Freightways	127.0	203.1	119	428
249	262	May Dept Stores	126.2	7.9	223	270
250	266	Air Prods & Chems	126.0	9.1	307	202
251	299	Whirlpool	125.6	23.5	160	357
252	229	NLT	124.5	–6.4	317	195
253	244	Gillette	124.3	0.3	218	278
254	143	General Dynamics	124.1	–36.4	336	182
255	251	Wells Fargo	124.0	1.7	219	277
256	302	NICOR	123.3	21.6	322	192
257	282	Pacific Lighting	123.1	15.0	196	305
258	224	Walt Disney	121.5	–10.1	225	268
259	297	Dun & Bradstreet	121.5	18.2	155	367
260	137	Diamond Shamrock	121.3	–39.7	463	119

■ Not on 500 list in 1980. D–P: deficit to profit.

The Forbes Profits 500

Rank 1981	Rank 1980	Company	Net profits ($000,000)	% change over 1980	Cash flow ($000,000)	Cash flow rank 1981
261	304	Marsh & McLennan	120.1	19.2	131	404
262	223	Boise Cascade	120.1	−11.9	274	225
263	341	Republic of Texas	120.0	38.2	157	362
264	283	Farmers Group	119.8	12.1	201	294
265	296	R H Macy	119.6	16.1	170	344
266	287	Pillsbury	119.6	14.2	227	264
267	443	First Chicago	118.7	88.4	236	256
268	298	First Natl Boston	118.6	16.1	178	332
269	243	Interco	118.6	−4.6	164	352
270	291	General Signal	117.1	12.4	148	386
271	312	Dana	115.6	20.8	173	339
272	272	Mellon National	115.5	2.7	202	291
273	288	City Investing	115.4	10.4	483	108
274	364	Burlington Inds	115.3	41.8	235	257
275	303	Mitchell Enrgy & Dev	115.2	14.3	624	71
276	314	Mesa Petroleum	115.0	20.8	277	222
277	305	Chesebrough-Pond's	114.8	14.6	154	371
278	255	Safeway Stores	114.6	−4.0	367	169
279	284	Utah Power & Light	113.3	6.4	187	314
280	285	Hilton Hotels	112.6	6.1	141	391
281	346	Portland Genl Elec	112.3	30.3	214	283
282	407	Rowan Companies	111.8	57.1	188	313
283	188	American Standard	111.5	−28.9	199	298
284	238	Squibb	111.3	−12.6	169	345
285	366	Hospital Corp of Am	111.1	37.2	248	248
286	■	Genl Tire & Rubber	110.9	172.0	112	436
287	329	Pioneer	110.2	21.7	207	287
288	195	Cabot	110.2	−27.9	187	315
289	■	San Diego Gas & Elec	110.2	111.7	174	338
290	377	Cameron Iron Works	110.0	40.6	149	384
291	281	Safeco	109.8	2.3	221	273
292	292	Potomac Elec Power	109.7	5.4	221	272
293	307	Colt Industries	109.6	12.1	198	299
294	218	Williams Companies	109.5	−21.0	262	238
295	379	So New England Tel	109.0	40.1	270	230
296	321	Duquesne Light	108.9	17.1	187	317
297	343	Big Three Industries	108.9	25.7	194	307
298	378	Belco Petroleum	108.8	39.6	183	323
299	■	Midcon	108.7	4.8	327	189
300	128	Texas Instruments	108.5	−48.9	442	130
301	405	Public Service N M	108.0	51.1	120	423
302	338	N Y State Elec & Gas	107.8	22.2	156	364
303	233	Mead	106.9	−16.9	196	304
304	337	McDermott	106.7	20.7	289	215
305	393	A E Staley Mfg	105.8	43.4	158	360
306	360	Wisconsin Elec Pwr	105.5	27.9	235	258
307	310	Quaker Oats	105.2	9.1	184	321
308	351	G D Searle	104.9	22.9	272	228
309	325	Central Tel & Utils	104.5	12.9	280	219
310	389	North Amer Philips	104.0	39.6	193	309
311	370	Harris Corp	104.0	30.5	196	303
312	242	Norton Simon	103.7	−16.9	153	374
313	286	Chubb	103.5	−1.8	180	328
314	358	Square D	102.8	23.8	144	390
315	421	Florida Power	102.6	50.8	241	253
316	332	Cincinnati G & E	102.5	13.9	137	397
317	473	Jewel Companies	101.7	81.9	154	370
318	■	Western Co No Amer	101.4	93.9	180	327
319	180	Champion Intl	101.4	−38.2	309	199
320	324	Timken	101.1	9.2	180	329
321	339	Westvaco	100.8	14.7	193	308
322	354	Public Service Colo	100.8	18.5	196	302
323	322	Knight-Ridder News	100.4	8.1	147	387
324	313	Combined Internatl	100.2	4.8	248	247
325	271	Northwest Bancorp	100.1	−11.8	161	356
326	327	Jefferson-Pilot	100.0	8.8	162	353
327	■	Cummins Engine	100.0	D–P	186	319
328	334	Capital Holding	99.4	11.0	404	149
329	392	Petrolane	99.3	34.1	178	334
330	340	Kidde	99.2	13.5	154	372
331	345	USLIFE	98.5	14.0	315	198
332	344	McGraw-Hill	98.1	13.6	126	410
333	267	Corning Glass Works	97.4	−15.1	151	382
334	438	Valero Energy	97.3	51.5	153	375
335	352	Irving Bank	97.0	13.7	167	348
336	248	MAPCO	96.9	−20.8	194	306
337	275	First Bank System	96.8	−13.6	177	337
338	■	Puget Sound Pwr & Lt	96.7	88.0	109	439
339	395	Dover	96.1	31.3	122	418
340	397	Gould	95.7	32.0	159	359
341	330	Lucky Stores	95.5	5.5	218	279
342	326	Winn-Dixie Stores	95.4	3.7	185	320
343	336	Northeast Utilities	95.1	7.2	257	241
344	342	Norton	95.0	9.6	113	435
345	374	Sundstrand	95.0	20.4	154	369
346	306	Gt Northern Nekoosa	95.0	−4.2	184	322
347	380	Southland	94.2	21.3	205	290
348	435	Dayton Power & Light	94.0	45.1	126	411
349	43	Esmark	93.8	−80.1	141	393
350	401	Reading & Bates	93.4	30.0	144	389
351	437	Humana	93.2	44.2	177	336
352	318	Rohm & Haas	93.1	−0.7	198	300
353	■	Olin	92.8	173.6	225	269
354	276	Lubrizol	92.0	−17.5	131	401
355	453	GEICO	91.6	53.6	116	431
356	446	B F Goodrich	91.4	48.1	227	265
357	478	Wheelabrator-Frye	91.4	65.2	97	468
358	384	New England Electric	91.0	19.2	181	325
359	333	Ethyl	90.9	1.3	179	330
360	134	Ashland Oil	90.0	−56.1	266	233
361	420	General Instrument	90.0	32.1	140	394
362	241	MCA	89.8	−28.4	178	333
363	458	Tucson Electric Pwr	89.8	53.8	149	383
364	376	Gulf United	89.0	13.4	211	285
365	373	Overseas Shipholding	88.5	11.9	122	419
366	382	Heublein	88.4	14.2	131	403
367	355	Allied Stores	88.3	5.3	155	368
368	383	Masco	88.3	14.4	120	424
369	452	Joy Manufacturing	87.8	47.1	124	416
370	394	Arkla	87.6	19.2	171	341
371	■	Centl Louisiana Engy	86.7	36.6	141	392
372	162	Reynolds Metals	86.7	−51.9	233	261
373	400	Marriott	86.1	19.6	187	318
374	356	National Steel	86.1	2.8	286	217
375	■	Curtiss-Wright	85.3	114.6	88	478
376	365	PACCAR	85.1	5.0	92	474
377	417	CBI Industries	84.2	22.9	162	354
378	■	McGraw-Edison	84.1	65.0	154	373
379	481	Waste Management	84.0	53.2	156	365
380	390	Richardson-Vicks	83.2	11.7	104	453

■ Not on 500 list in 1980. D–P: deficit to profit.

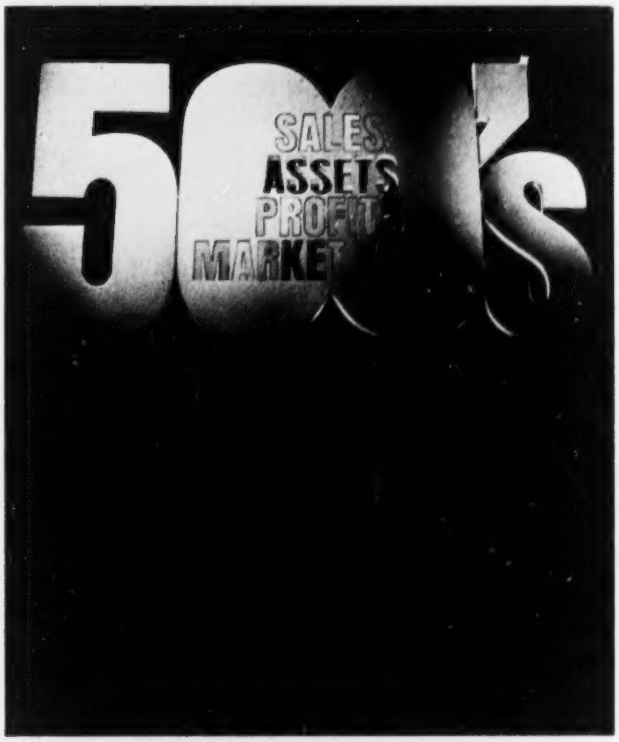
The Forbes Profits 500

Rank 1981	Rank 1980	Company	Net profits ($000,000)	% change over 1980	Cash flow ($000,000)	Cash flow rank 1981
381	425	**Toledo Edison**	83.1	23.8	107	442
382	416	**Fort Howard Paper**	83.1	20.9	124	414
383	439	**So Carolina E & G**	82.9	30.1	114	433
384	475	**Wal-Mart Stores**	82.8	48.7	116	432
385	■	**Storage Technology**	82.4	81.5	158	361
386	265	**Eaton**	82.4	–28.9	190	311
387	185	**F W Woolworth**	81.9	–49.1	153	377
388	■	**Zapata**	81.7	87.4	179	331
389	494	**Bally Manufacturing**	81.7	52.8	129	405
390	472	**Marine Midland Bks**	81.3	45.4	172	340
391	398	**Nalco Chemical**	81.2	12.4	99	464
392	140	**Newmont Mining**	81.0	–59.0	152	378
393	■	**Allegheny Intl**	81.0	76.5	79	487
394	408	**Capital Cities Comm**	80.5	13.8	108	441
395	445	**Hershey Foods**	80.4	29.5	119	427
396	■	**Noble Affiliates**	80.3	63.2	167	347
397	293	**Tesoro Petroleum**	80.2	–22.9	157	363
398	353	**Tektronix**	80.2	–5.8	122	420
399	399	**No Indiana Pub Svc**	80.1	11.0	215	281
400	357	**Kemper**	80.0	–3.8	697	61
401	■	**Global Marine**	79.8	77.8	166	350
402	492	**Baldwin-United**	79.3	47.8	1,551	28
403	415	**Kansas City Pwr & Lt**	79.1	15.2	107	443
404	433	**Oklahoma Gas & Elec**	79.0	21.1	187	316
405	414	**R R Donnelley & Sons**	79.0	14.6	148	385
406	■	**Parker Drilling**	79.0	98.5	153	376
407	429	**Provident Life & Acc**	78.9	18.3	201	293
408	359	**E F Hutton Group**	78.8	–4.6	152	380
409	413	**Jack Eckerd**	78.5	13.4	104	451
410	410	**Vulcan Materials**	78.2	12.0	136	398
411	418	**Perkin-Elmer**	78.1	14.5	104	452
412	■	**Wang Laboratories**	78.1	49.8	134	399
413	412	**Ohio Casualty**	77.7	11.7	120	425
414	424	**Genuine Parts**	77.5	14.3	90	475
415	451	**Public Service N H**	77.2	29.0	50	498
416	419	**Seafirst**	76.8	12.6	152	381
417	349	**American Can**	76.7	–10.5	265	235
418	431	**Lear Siegler**	76.1	15.7	101	460
419	436	**Becton, Dickinson**	75.9	17.3	124	415
420	426	**Emhart**	75.5	12.7	110	438
421	308	**Crown Zellerbach**	75.3	–22.7	198	301
422	■	**Helmerich & Payne**	75.3	59.4	108	440
423	316	**U S Gypsum**	74.2	–21.5	133	400
424	290	**American Petrofina**	74.1	–28.9	138	396
425	468	**Ryder System**	74.0	31.0	300	207
426	■	**Amstar**	73.4	138.0	100	461
427	428	**Boston Edison**	73.2	9.7	161	355
428	490	**Zale**	72.7	34.6	29	500
429	274	**Avco**	72.2	–35.7	418	143
430	411	**Roadway Express**	71.8	3.1	118	429
431	■	**Engelhard**	71.6	8.7	99	463
432	456	**Dow Jones**	71.4	21.2	99	465
433	422	**American Natl Ins**	71.4	5.0	165	351
434	488	**Northwest Energy**	70.1	29.7	124	417
435	■	**Associated Dry Goods**	69.8	33.6	127	409
436	432	**Liberty Natl Ins Hld**	69.6	6.1	242	251
437	387	**Pitney Bowes**	69.5	–7.5	156	366
438	464	**Whittaker**	69.3	20.6	89	476
439	427	**Foremost-McKesson**	69.3	3.7	105	450
440	430	**GATX**	68.6	4.0	247	249
441	403	**Avnet**	68.0	–5.2	79	486
442	462	**Republic New York**	67.9	17.5	94	471
443	489	**Pogo Producing**	67.7	25.4	188	312
444	■	**Brown-Forman Dist**	67.2	33.5	76	493
445	■	**Brunswick**	66.8	179.0	120	422
446	■	**SEDCO**	66.4	72.1	139	395
447	441	**Intl Flavors & Frag**	66.1	4.6	78	488
448	■	**Kansas Gas & Elec**	66.0	25.9	49	499
449	■	**Rochester Gas & Elec**	65.8	50.6	128	408
450	331	**Black & Decker**	65.7	–27.1	122	421
451	391	**NBD Bancorp**	65.2	–12.4	106	447
452	459	**Ogden**	65.1	11.7	159	358
453	396	**Crown Cork & Seal**	64.8	–11.5	107	444
454	477	**Super Valu Stores**	64.7	16.5	103	459
455	■	**American Stores**	64.6	25.2	152	379
456	463	**U S Bancorp**	64.5	12.1	105	448
457	487	**Alleghany**	64.4	18.7	400	152
458	485	**Fairchild Industries**	64.3	17.9	95	470
459	454	**Foster Wheeler**	64.3	8.3	73	496
460	471	**Parker-Hannifin**	64.1	14.4	96	469
461	404	**Kaneb Services**	63.9	–6.0	107	445
462	■	**Southwestern Pub Svc**	63.8	37.1	99	462
463	465	**Pioneer Hi-Bred Intl**	63.5	10.8	73	495
464	■	**Mercantile Texas**	63.0	32.5	93	472
465	■	**Allied Bancshares**	62.9	68.7	92	473
466	311	**Crocker National**	62.9	–34.3	166	349
467	■	**Centex**	62.4	85.5	103	458
468	165	**IU International**	62.3	–65.3	128	406
469	■	**Montana Power**	62.0	44.0	103	457
470	■	**Culbro**	62.0	1,010.9	98	466
471	466	**White Consolidated**	62.0	8.8	98	467
472	■	**Central Ill Pub Svc**	61.8	19.1	119	426
473	■	**Harsco**	61.5	23.8	110	437
474	386	**Cincinnati Milacron**	60.8	–19.7	82	483
475	■	**Cessna Aircraft**	60.6	115.4	77	491
476	368	**Manville**	60.3	–25.2	128	407
477	482	**Eastern Gas & Fuel**	60.1	9.8	114	434
478	■	**Metromedia**	59.7	8.9	84	481
479	■	**Federal Express**	59.3	53.2	106	446
480	■	**Tecumseh Products**	59.2	44.4	77	492
481	■	**Western Union**	59.0	56.2	213	284
482	■	**Delmarva Power & Lt**	58.7	19.9	125	413
483	■	**Geosource**	58.6	78.9	105	449
484	328	**Phelps Dodge**	58.5	–36.0	126	412
485	■	**Bank of New York**	58.2	19.3	104	455
486	■	**AmeriTrust**	58.1	12.2	78	489
487	■	**Mercantile Stores**	57.9	36.4	88	477
488	■	**Potlatch**	57.8	17.0	147	388
489	■	**Alco Standard**	57.8	13.7	80	484
490	469	**Alexander & Alexander**	57.5	2.0	82	482
491	■	**Pittsburgh National**	57.4	19.1	85	480
492	■	**Inland Steel**	57.3	92.9	238	254
493	■	**Wyman-Gordon**	57.2	91.4	77	490
494	■	**Ex-Cell-O**	56.8	12.7	87	479
495	■	**El Paso Electric**	56.7	37.7	68	497
496	491	**SCM**	56.5	4.9	104	454
497	■	**W W Grainger**	56.3	15.3	75	494
498	455	**Lone Star Industries**	56.1	–5.3	103	456
499	469	**Cox Broadcasting**	55.5	–1.6	117	430
500	■	**Stanley Works**	55.4	9.9	80	485

■ Not on 500 list in 1980.

The Forbes Assets 500

One measure of recession is that assets increase faster than sales or profits. The reason: inventory buildup—including the best example of it around, the oil glut.



THE 500 BIG COMPANIES listed on the following pages added a third of a trillion dollars to their assets during 1981. Total assets at the end of the year: $3,508,264,105,000, up 10.7% from 1980. The Assets list, in fact, showed the greatest percentage increase of any of the four FORBES 500s lists, and it was the only measure that did just a little more than keep up with last year's 8.9% inflation rate.

Rank 1981	Rank 1980	Company	Assets ($000,000)	% change over 1980
1	1	**American Tel & Tel**	137,750	9.8
2	3	**BankAmerica**	121,158	8.5
3	2	**Citicorp**	119,232	3.8
4	4	**Chase Manhattan**	77,839	2.2
5	6	**Exxon**	62,931	11.2

There's a good reason for that, of course. During a recession, inventories build up, preventing companies from leveraging asset increases into even larger percentage increases in sales and profits. Instead, sales of the Assets 500 last year increased at a slightly lower rate, 10.6%, while profits lagged far behind at 6.6%. As always, assets are no guarantee of anything else.

As always, too, banks dominated the assets list. All but two of the top ten were banks or financial institutions.

The biggest gainers, though, resulted largely from acquisitions. Fluor, the big California engineering and construction company, increased its assets by 159% by acquiring St. Joe Minerals Corp. Du Pont more than doubled its assets to $23.8 billion on the acquisition of Conoco, the ninth-largest U.S. oil company; and Baldwin United, the growing financial services giant, came close to doubling assets through the acquisition route. National Steel's United Financial Corp. subsidiary acquired West Side Federal Savings & Loan of New York and Washington Savings & Loan of Miami Beach, putting them together into one of the nation's largest federally chartered S&L. Other big assets gainers: Hospital Corp. of America (up 83.8%), Sonat, the former Southern Natural Resources (31.9%), Allegheny International (78.5%) and Warner Communications (51.2%).

Who fell behind? Two of the Big Four automakers, Ford and Chrysler, each showed an assets decline of more than 5%, for a total loss of more than $1.7 billion. Hard-pressed International Harvester lost 8.5%, or nearly $500 million, and troubled Pan American World Airways sold off its Intercontinental Hotels subsidiary and used $207 million of the proceeds to pay down debt. Speaking of inventory buildup: The most dramatic example of it these days, of course, is the world oil glut, and giant Exxon reflected it. Its assets grew 11.2% in 1981 to just under $63 billion. Sales? Up only about a third as much.

The Forbes Assets 500

Rank 1981	Rank 1980	Company	Assets ($000,000)	% change over 1980
6	5	Fedl Natl Mortgage	62,096	6.2
7	7	Mfrs Hanover	59,109	6.5
8	8	J P Morgan	53,522	2.9
9	9	Continental Illinois	46,972	11.6
10	10	Chemical New York	44,917	8.6
11	11	Aetna Life & Cas	39,631	10.8
12	12	General Motors	38,920	13.0
13	15	First Interstate	36,982	15.2
14	14	Mobil	34,776	6.3
15	18	Sears Roebuck	34,509	21.9
16	13	Bankers Trust NY	34,213	0.0
17	16	First Chicago	33,562	16.9
18	19	Security Pacific	32,999	18.7
19	20	IBM	29,586	10.8
20	17	Intl Tel & Tel	28,975	2.1
21	■	CIGNA	28,689	NA
22	21	Texaco	27,489	4.0
23	28	American Express	25,103	27.4
24	25	Travelers	23,982	10.8
25	65	E I du Pont	23,829	149.3
26	24	Standard Oil Calif	23,656	6.8
27	23	Wells Fargo	23,219	–1.8
28	22	Ford Motor	23,012	–5.4
29	26	Standard Oil Ind	22,916	13.6
30	29	Crocker National	22,494	18.0
31	27	General Tel & Elec	21,113	7.1
32	31	General Electric	20,942	13.1
33	30	Gulf Oil	20,429	9.6
34	33	Shell Oil	20,118	14.2
35	36	Atlantic Richfield	19,733	18.8
36	34	Marine Midland Bks	18,682	6.9
37	37	Mellon National	18,448	14.2
38	32	Irving Bank	18,227	0.8
39	43	Merrill Lynch	17,682	33.5
40	41	InterFirst	17,318	25.7
41	38	First Natl Boston	16,809	5.4
42	40	Tenneco	16,808	21.3
43	45	Standard Oil Ohio	15,743	30.3
44	39	Northwest Bancorp	15,141	5.2
45	44	H F Ahmanson	15,049	14.8
46	42	First Bank System	14,911	10.7
47	51	Texas Commerce Bshs	14,512	28.6
48	46	Republic of Texas	14,441	21.7
49	52	First City Bancorp	14,291	26.7
50	47	United States Steel	13,316	13.4
51	85	RCA	13,210	11.7
52	129	Gulf & Western Inds	12,658	11.4
53	48	Dow Chemical	12,496	8.3
54	49	Southern Company	12,415	8.3
55	50	Pacific Gas & Elec	12,367	9.5
56	53	Commonwlth Edison	12,264	10.1
57	57	NBD Bancorp	12,145	11.7
58	55	Sun Company	11,822	7.9
59	56	American Elec Power	11,567	5.6
60	59	Bank of New York	11,463	10.0
61	61	Phillips Petroleum	11,264	14.4
62	64	Seafirst	10,747	12.1
63	60	Gt Western Financial	10,646	3.8
64	63	Union Carbide	10,423	7.9
65	107	First Boston	10,314	71.3
66	211	National Steel	10,108	66.2
67	66	Loews	9,914	8.6
68	62	First Charter Finl	9,750	0.8
69	71	Getty Oil	9,536	15.4
70	68	Eastman Kodak	9,439	7.9
71	77	Philip Morris	9,245	25.5
72	69	Lincoln National	9,047	6.8
73	67	Transamerica	9,042	1.7
74	73	So Calif Edison	8,729	12.9
75	70	Beneficial Corp	8,575	3.3
76	74	City Investing	8,522	10.8
77	88	Household Intl	8,397	17.6
78	81	Middle South Utils	8,319	13.4
79	89	Westinghouse Elec	8,316	22.1
80	78	R J Reynolds Inds	8,096	10.1
81	83	American General	8,076	10.7
82	92	Occidental Petroleum	8,075	21.8
83	72	Continental Corp	8,072	–1.8
84	75	CSX	8,067	7.2
85	87	American Intl Group	7,957	15.3
86	76	Consolidated Edison	7,733	3.7
87	84	NCNB	7,724	7.6
88	98	Republic New York	7,707	19.5
89	79	Xerox	7,674	4.4
90	90	Union Oil California	7,593	12.1
91	82	United Technologies	7,555	3.1
92	86	Harris Bankcorp	7,488	8.5
93	110	J C Penney	7,354	25.4
94	96	Texas Utilities	7,307	11.5
95	106	Caterpillar Tractor	7,285	19.5
96	91	Pub Svc Elec & Gas	7,277	8.2
97	104	Union Pacific	7,097	14.6
98	97	Va Electric & Power	7,058	8.7
99	95	Procter & Gamble	6,961	6.2
100	108	Boeing	6,954	17.2
101	102	Pittsburgh National	6,935	11.4
102	94	Control Data	6,905	5.1
103	101	Consumers Power	6,872	9.5
104	128	Mercantile Texas	6,870	25.8
105	192	Armco	6,682	20.0
106	105	K mart	6,673	9.3
107	117	Detroit Edison	6,608	13.1
108	99	Duke Power	6,531	3.2
109	111	Southeast Banking	6,453	10.2
110	109	Amerada Hess	6,322	7.2
111	120	Phila Electric	6,304	10.6
112	103	Philadelphia Natl	6,297	1.4
113	93	Chrysler	6,270	–5.3
114	122	Wachovia	6,266	10.8
115	182	American Brands	6,260	4.5
116	119	Walter E Heller Intl	6,257	9.2
117	112	Northern Trust	6,238	6.7
118	116	Michigan National	6,229	8.2
119	121	DETROITBANK	6,154	8.6
120	118	Valley National	6,136	7.0
121	126	Florida Power & Lt	6,123	11.5
122	115	Monsanto	6,069	4.7
123	113	Avco	6,063	3.8
124	131	Cities Service	6,049	12.9
125	138	Rainier Bancorp	5,819	11.4
126	100	Phibro	5,788	7.0
127	137	Weyerhaeuser	5,716	9.1
128	140	Deere	5,684	9.3
129	135	Burlington Northern	5,674	7.7
130	148	U S Bancorp	5,656	15.9
131	142	Alcoa	5,654	9.0
132	151	E F Hutton Group	5,638	19.8
133	133	Continental Group	5,610	5.4
134	150	Halliburton	5,580	18.1
135	141	International Paper	5,544	6.7
136	124	Golden West Finl	5,541	–0.7
137	123	AmeriTrust	5,530	–1.3
138	147	BancOhio	5,511	10.2
139	159	Barnett Banks Fla	5,504	24.2
140	132	Southern Pacific	5,501	3.2
141	134	AMAX	5,449	3.3
142	144	Minn Mining & Mfg	5,422	7.5
143	127	National City	5,388	–1.9
144	130	Goodyear	5,354	–0.3
145	114	Intl Harvester	5,346	–8.5
146	154	Allied Corp	5,344	17.8
147	168	Centerre Bancorp	5,335	24.9
148	230	First Union	5,297	61.4
149	139	Bethlehem Steel	5,282	1.4
150	125	First Pennsylvania	5,257	–4.4
151	175	Southwest Bancshares	5,253	26.3
152	169	Sperry	5,243	23.0
153	157	Houston Industries	5,231	18.0
154	149	Manufacturers Natl	5,225	9.6
155	80	Imperial Corp of Am	5,169	–29.7
156	153	Mercantile Bancorp	5,138	10.6
157	143	Teledyne	5,117	–0.6
158	156	Georgia-Pacific	5,060	12.1
159	146	General Public Utils	5,054	0.2
160	152	Dart & Kraft	5,054	8.7
161	163	W R Grace	5,022	15.1
162	166	Penn Power & Light	5,011	16.5
163	318	Baldwin-United	4,957	91.3
164	164	Citizens & Sthrn Ga	4,915	13.2
165	206	Donaldson, Lufkin	4,868	40.1
166	158	Rockwell Intl	4,809	8.5
167	161	Girard	4,782	9.1
168	167	Gibraltar Financial	4,771	11.1
169	171	USF&G	4,749	11.8
170	155	First Wisconsin	4,726	4.5

■ Not on 500 list in 1980. NA: not available.

The Forbes Assets 500

Rank 1981	Rank 1980	Company	Assets ($000,000)	% change over 1980
171	172	Carolina Pwr & Lt	4,716	11.2
172	165	Santa Fe Industries	4,678	8.0
173	173	Central & South West	4,643	10.0
174	174	United Telecom	4,621	9.9
175	160	NLT	4,619	4.6
176	188	Columbia Gas System	4,617	19.5
177	170	St Paul Companies	4,600	8.2
178	207	Superior Oil	4,521	30.6
179	184	Long Island Lighting	4,508	15.1
180	177	Maryland National	4,501	10.8
181	181	Ohio Edison	4,456	12.0
182	272	New England Merch	4,443	53.7
183	275	Allied Bancshares	4,441	55.6
184	189	Burroughs	4,439	15.2
185	478	Fluor	4,427	159.7
186	185	McDonnell Douglas	4,364	11.9
187	179	LTV	4,333	16.4
188	187	Honeywell	4,331	11.3
189	180	Beatrice Foods	4,237	6.4
190	210	Industrial National	4,223	22.4
191	191	Niagara Mohawk Pwr	4,176	9.6
192	194	General Re	4,168	14.0
193	197	First Security	4,161	15.6
194	186	Crum & Forster	4,160	6.8
195	183	First Natl State Bcp	4,105	4.7
196	221	Ashland Oil	4,097	22.0
197	199	Federated Dept Stores	4,097	14.6
198	227	Texas Eastern	4,097	23.6
199	235	Panhandle Eastern	4,079	26.3
200	216	Midlantic Banks	4,077	19.8
201	196	California First Bnk	4,062	12.2
202	214	PepsiCo	4,057	18.7
203	202	Union Electric	4,047	13.9
204	217	Texas American Bshs	4,043	19.9
205	213	Society	4,033	17.5
206	201	Pacific Pwr & Lt	4,017	12.9
207	208	Shawmut	3,983	15.2
208	178	UAL	3,976	–1.6
209	195	Northeast Utilities	3,951	8.9
210	209	United Va Bankshares	3,926	13.6
211	190	BanCal Tri-State	3,924	1.9
212	203	McDermott	3,900	9.8
213	238	Kaiser Alum & Chem	3,836	20.0
214	223	Johnson & Johnson	3,820	14.3
215	435	Greyhound	3,812	15.2
216	205	InterNorth	3,810	9.3
217	162	Amer Nat Resources	3,808	19.5
218	287	Kemper	3,789	36.4
219	463	Fin Corp of America	3,757	111.2
220	193	IC Industries	3,742	1.3
221	231	American Airlines	3,738	14.0
222	257	El Paso	3,711	24.1
223	228	Sun Banks of Florida	3,711	12.0
224	225	Safeway Stores	3,690	10.5
225	232	Litton Industries	3,688	13.0
226	247	Signal Companies	3,679	18.6
227	243	Riggs National	3,668	16.5
228	226	Fidelcor	3,667	10.6
229	220	Pfizer	3,647	8.4
230	337	First American Bank	3,645	51.9
231	281	Banc One	3,639	28.9
232	372	Jim Walter	3,619	24.9
233	222	Alleghany	3,610	7.7
234	240	CBT	3,576	12.6
235	215	Coca-Cola	3,565	4.7
236	316	Capital Holding	3,560	36.6
237	212	Lincoln First Banks	3,546	3.2
238	236	Continental Tel	3,544	10.5
239	■	Gibraltar Savings	3,520	18.5
240	244	First Atlanta	3,484	10.7
241	237	BayBanks	3,462	7.9
242	246	Trust Co of Georgia	3,460	11.2
243	303	Digital Equipment	3,456	29.6
244	242	Southern Railway	3,452	9.1
245	278	Nationwide	3,447	21.7
246	224	Champion Intl	3,443	3.1
247	■	Nabisco Brands	3,429	13.1
248	285	Kerr-McGee	3,415	21.7
249	249	Cleveland Elec Illum	3,406	10.1
250	264	Arizona Public Serv	3,397	16.0
251	239	Trans World	3,397	6.6
252	252	Transco Companies	3,395	11.4
253	298	Penn Central	3,395	24.5
254	256	State Street Boston	3,388	12.6
255	218	NCR	3,387	0.6
256	263	Raytheon	3,364	14.9
257	351	City Federal S & L	3,347	43.2
258	265	Gulf States Utils	3,343	14.3
259	254	Republic Steel	3,342	10.8
260	291	Provident National	3,312	20.4
261	273	Merck	3,310	15.5
262	248	Reynolds Metals	3,300	6.5
263	293	United Banks of Colo	3,296	20.3
264	284	Public Service Ind	3,285	17.0
265	270	Dresser Industries	3,273	13.0
266	250	Baltimore Gas & Elec	3,266	6.3
267	266	Bendix	3,219	10.1
268	300	Virginia Natl Bshs	3,214	18.9
269	204	Paine Webber	3,206	–8.4
270	279	Huntington Bshs	3,195	12.9
271	267	Norfolk & Western Ry	3,192	9.2
272	255	Allegheny Power	3,191	6.0
273	176	Coastal Corp	3,183	–22.6
274	269	First Tennessee Natl	3,148	8.0
275	241	F W Woolworth	3,142	–1.0
276	258	General Foods	3,130	5.1
277	276	TRW	3,127	9.5
278	253	Washington National	3,121	2.5
279	198	USLIFE	3,078	–14.1
280	251	Owens-Illinois	3,072	0.2
281	268	American Cyanamid	3,065	5.1
282	233	Fidelity Union Bncp	3,059	–6.1
283	299	American Security	3,046	12.3
284	377	Gulf United	3,044	39.0
285	297	Missouri Pacific	3,038	11.3
286	262	Jefferson-Pilot	3,028	3.2
287	360	First Oklahoma Bncp	3,023	33.0
288	245	Firestone	3,018	–3.2
289	286	Diamond Shamrock	3,016	8.0
290	200	Centran	3,014	–15.5
291	317	Pennzoil	2,999	15.7
292	274	Equimark	2,993	4.5
293	309	Celanese	2,991	13.6
294	271	American Natl Ins	2,968	2.5
295	288	Commerce Bancshrs	2,964	7.2
296	219	Pan Am World Airways	2,963	–12.0
297	261	Warner-Lambert	2,963	0.3
298	494	Hospital Corp of Am	2,958	83.8
299	280	PPG Industries	2,955	4.6
300	320	No Indiana Pub Svc	2,943	15.9
301	305	American Fletcher	2,943	10.8
302	283	Eastern Air Lines	2,935	4.2
303	294	AmSouth Bancorp	2,927	6.9
304	347	First Maryland Bncp	2,920	23.8
305	324	First Natl Bancorp	2,919	16.8
306	292	Chubb	2,912	6.1
307	277	Fidelity Financial	2,907	1.9
308	315	Eli Lilly	2,902	11.3
309	306	McDonald's	2,899	9.7
310	260	Inland Steel	2,891	–2.3
311	335	GATX	2,880	19.4
312	328	Anheuser-Busch	2,875	17.4
313	295	No States Power	2,860	4.6
314	296	Consol Natural Gas	2,851	4.2
315	282	American Can	2,836	0.5
316	336	Bank of Virginia	2,829	17.7
317	290	Hartford Natl	2,826	2.6
318	384	SONAT	2,814	31.9
319	311	United Jersey Banks	2,814	7.1
320	308	St Regis Paper	2,788	5.5
321	349	Bancorp Hawaii	2,787	19.0
322	355	Murphy Oil	2,777	20.3
323	352	Hewlett-Packard	2,758	18.0
324	344	Time Inc	2,755	16.2
325	302	Boise Cascade	2,740	2.3
326	314	FMC	2,739	4.6
327	323	Dominion Bankshares	2,732	8.1
328	380	First Kentucky Natl	2,727	25.8
329	327	Illinois Power	2,722	10.3
330	312	Safeco	2,706	3.1
331	304	Pacific Lighting	2,706	1.6
332	374	B F Goodrich	2,703	22.0
333	289	Tiger International	2,702	–2.0
334	379	ENSERCH	2,690	23.0
335	310	Banco Popular PR	2,689	2.2

■ Not on 500 list in 1980.

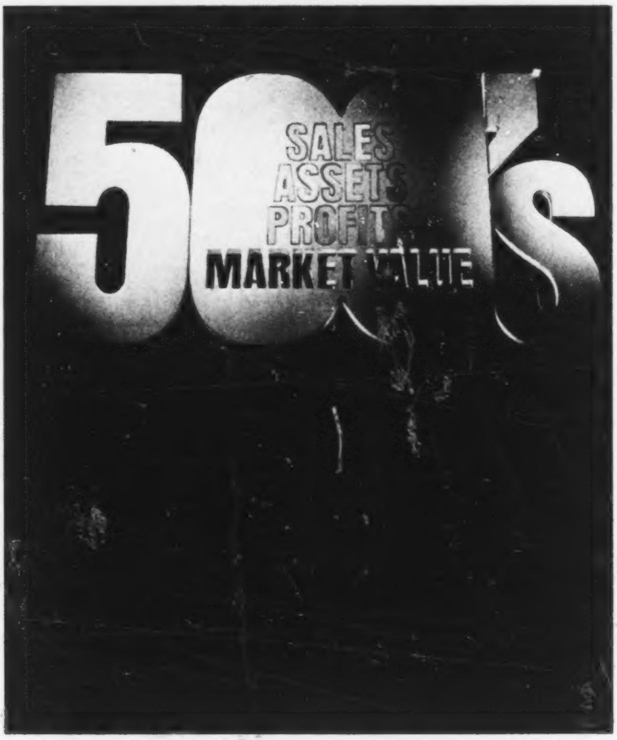
The Forbes Assets 500

Rank		Company	Assets ($000,000)	% change over 1980
1981	1980			
336	375	Liberty Natl Ins Hld	2,683	21.2
337	322	Ingersoll-Rand	2,678	6.0
338	466	Warner Commun	2,674	51.2
339	330	Duquesne Light	2,669	9.2
340	339	Combustion Eng	2,666	11.4
341	423	Utd Energy Resources	2,637	35.6
342	319	Colgate-Palmolive	2,631	2.0
343	329	Marshall & Ilsley	2,628	7.4
344	333	Financial General	2,627	8.2
345	416	First Alabama Bshs	2,622	32.9
346	326	Florida Natl Banks	2,616	6.0
347	343	Crown Zellerbach	2,614	10.2
348	458	Natomas	2,611	45.2
349	345	American Home Prod	2,589	9.2
350	392	Entex	2,581	23.4
351	342	Flagship Banks	2,575	8.5
352	371	Florida Power	2,563	14.2
353	359	Norwest Bancorp	2,562	12.6
354	341	Indiana National	2,558	7.6
355	381	Dayton-Hudson	2,555	18.5
356	357	First & Merchants	2,551	10.8
357	395	Martin Marietta	2,546	23.0
358	325	MCA	2,543	2.6
359	338	Potomac Elec Power	2,519	5.1
360	■	Midcon	2,515	13.1
361	307	Borden	2,509	–5.1
362	367	Cincinnati G & E	2,502	10.6
363	321	Key Banks	2,500	–1.1
364	362	Northwest Industries	2,490	9.6
365	376	Bristol-Myers	2,489	12.6
366	404	NICOR	2,482	22.0
367	382	Cullen Frost Bankers	2,467	15.3
368	348	Provident Life & Acc	2,466	5.1
369	353	CPC International	2,462	5.7
370	346	Financial Federation	2,456	4.0
371	340	Williams Companies	2,446	2.8
372	407	First United Bancorp	2,440	20.9
373	365	Central Bancorp	2,433	7.5
374	391	Utah Power & Light	2,433	16.0
375	373	Public Service Colo	2,431	9.7
376	■	Allegheny Intl	2,429	78.5
377	358	CBS	2,426	5.4
378	354	Kimberly-Clark	2,414	3.8
379	411	Kroger	2,405	20.4
380	388	Motorola	2,399	13.6
381	369	May Dept Stores	2,388	5.7
382	313	Norton Simon	2,382	–9.1
383	398	Abbott Laboratories	2,356	14.2
384	394	Boatmen's Bancshares	2,355	13.6
385	400	First Florida Banks	2,355	14.6
386	397	Central Bancshares	2,348	13.8
387	493	Cooper Industries	2,335	44.8
388	356	Eaton	2,333	1.3
389	332	General Dynamics	2,327	–4.5
390	440	Atlantic Bancorp	2,323	22.4
391	368	Revlon	2,317	2.5
392	406	Wisconsin Elec Pwr	2,315	5.5
393	334	Texas Instruments	2,311	–4.3
394	420	United Missouri Bshs	2,306	18.1
395	402	Delta Air Lines	2,304	12.8
396	409	General Mills	2,301	14.4
397	408	Scott Paper	2,299	14.1
398	465	NL Industries	2,298	29.6
399	350	Manville	2,298	–1.7
400	385	New England Electric	2,292	8.1
401	414	Schering-Plough	2,286	15.2
402	412	Citizens Fidelity	2,285	14.7
403	366	Consolidated Foods	2,277	0.6
404	473	Liberty National	2,266	30.2
405	403	First Natl Charter	2,247	10.4
406	399	Portland Genl Elec	2,242	8.7
407	421	Old Kent Financial	2,237	14.7
408	425	Amer Savings & Loan	2,226	15.0
409	370	Ralston Purina	2,219	–1.3
410	386	Burlington Inds	2,211	4.4
411	442	Houston Natural Gas	2,202	16.5
412	429	Emerson Electric	2,202	14.1
413	393	United States Trust	2,199	6.0
414	378	Textron	2,196	0.4
415	449	Mead	2,193	17.5
416	437	Borg-Warner	2,191	15.2
417	383	Tenn Valley Bancorp	2,187	2.3
418	430	Gelco	2,183	13.8
419	436	Western Financial	2,181	14.5
420	413	San Diego Gas & Elec	2,180	9.8
421	415	Pillsbury	2,175	9.6
422	491	Allied Stores	2,169	33.9
423	424	Natl Central Financl	2,166	11.8
424	453	First Hawaiian	2,147	15.7
425	387	Phelps Dodge	2,144	1.5
426	447	N Y State Elec & Gas	2,128	13.7
427	433	Central Fidelity Bks	2,115	10.8
428	396	Equitable Bancorp	2,111	2.2
429	331	Lockheed	2,105	–13.8
430	418	TRANSOHIO Financial	2,098	6.6
431	401	ASARCO	2,093	2.4
432	405	Arizona Bank	2,077	2.3
433	419	H J Heinz	2,074	6.1
434	■	Mesa Petroleum	2,069	45.0
435	450	SouthTrust	2,061	10.8
436	439	Fin Cp Santa Barbara	2,057	8.4
437	428	American Bancorp	2,052	6.3
438	445	Third National	2,049	8.7
439	■	Hughes Tool	2,045	47.1
440	441	Continental Bank	2,044	8.0
441	444	Central Tel & Utils	2,036	7.8
442	389	Stauffer Chemical	2,034	–3.7
443	■	Texas Oil & Gas	2,033	32.5
444	417	Marine	2,031	3.0
445	438	Moore Financial	2,017	6.2
446	486	Zions Utah Bancorp	2,011	21.8
447	■	Archer Danls Midland	2,001	46.5
448	432	First Natl Cinc	2,000	4.6
449	443	Hercules	1,997	5.7
450	459	Northwestern Finl	1,997	11.6
451	422	Sumitomo Bank Cal	1,987	2.0
452	471	Whitney Holding	1,978	13.4
453	455	Intl Minerals & Chem	1,975	6.8
454	426	Dana	1,967	1.6
455	446	First American	1,964	4.2
456	457	So Carolina E & G	1,959	8.7
457	434	Squibb	1,950	2.3
458	483	Upjohn	1,940	16.2
459	431	No Calif Savings	1,934	1.1
460	■	Newmont Mining	1,933	33.6
461	498	Wickes Cos	1,932	13.3
462	476	Hospital Trust	1,925	11.9
463	460	Boston Edison	1,918	7.5
464	474	Times Mirror	1,917	10.5
465	475	Old Stone	1,903	9.7
466	452	First Empire State	1,893	2.0
467	464	So New England Tel	1,891	6.4
468	■	SmithKline Beckman	1,883	21.2
469	480	Dayton Power & Light	1,883	11.7
470	469	Air Prods & Chems	1,877	7.2
471	500	Kidde	1,877	18.2
472	■	First Executive	1,876	135.1
473	462	Western Union	1,869	4.9
474	479	Toledo Edison	1,868	9.8
475	■	North Amer Philips	1,854	22.1
476	484	Deposit Guaranty	1,852	11.0
477	361	Merchants National	1,849	–18.6
478	456	Genl Tire & Rubber	1,844	2.1
479	451	Broadview Financial	1,844	–0.8
480	■	Affiliated Bshs Colo	1,838	23.3
481	■	Public Service N M	1,832	25.6
482	468	Oklahoma Gas & Elec	1,820	3.8
483	481	Holiday Inns	1,815	8.1
484	■	Baker International	1,809	29.0
485	497	South Carolina Natl	1,790	11.6
486	472	Equitable of Iowa	1,786	2.5
487	485	Union Camp	1,780	7.7
488	■	Amer Hospital Supply	1,770	21.5
489	461	McGraw-Edison	1,761	–1.2
490	427	Wheelabrator-Frye	1,760	–8.9
491	488	Ryder System	1,759	6.9
492	477	Gillette	1,759	3.0
493	454	Esmark	1,743	–6.0
494	■	Peoples Bancorp	1,743	17.1
495	487	Carter Hawley Hale	1,742	5.5
496	■	Texas Gas Transmn	1,732	13.5
497	489	Campbell Soup	1,723	5.9
498	492	Indust Valley Bank	1,718	6.1
499	■	First Virginia Banks	1,713	9.1
500	482	National Distillers	1,706	1.7

■ Not on 500 list in 1980.

The Forbes Market Value 500

Take a look at what happened to some of the bluest of all the blue chips. Nearly $120 billion was blown away in market value. And the blood is still running.



Rank 1981	Rank 1980	Company	Market value ($000,000)	% change over 1980
1	2	**American Tel & Tel**	47,888	32.5
2	1	**IBM**	33,687	–15.0
3	3	**Exxon**	27,137	–22.1
4	4	**Standard Oil Ind**	15,354	–34.3
5	9	**Standard Oil Calif**	14,632	–13.8

BLUE-CHIP BLOOD: Last year the market blew away about $119 billion from the stock valuation of the 500 companies listed on the following pages. Among the top 15 alone, 11—most notably big oils—lost $53 billion. Exxon and Standard of Ohio each lost more than $7 billion, Mobil nearly that much, Gulf almost $2 billion. Nearly across the board—international and domestic, large and small, exploration, production and oil-well services—the oil industry wallowed in outflow of investor confidence caused by the world oil glut.

But oils were not alone. IBM, for example, lost nearly $6 billion in market value and was dislodged from its longtime spot as number one by AT&T (one of the few blue chips to prosper). Boeing lost about half its 1980 market value. Xerox, Raytheon and BankAmerica all took their lumps.

There were only 3 survivors among the top 15, in addition to AT&T: Eastman Kodak, Du Pont and Johnson & Johnson. There were few big winners, though. In fact, about the only spectacular performer on the list was little MCI Communications, the thorn in Ma Bell's side, which soared 232.6% over-the-counter on the dawning of the age of deregulation.

Other good performers: Storage Technology, the Colorado-based computer company, up 86%; Public Service of New Mexico 81.7%; Geico 88.6%; Consolidated Freightways 63.7%; and Warner Communications, the big entertainment conglomerate, 58.6%.

But these were mostly special situations. Despite a fourth-quarter rally, every major market indicator suffered a setback in 1981, with the blue-chip-heavy DJIA and S&P's 500 indexes both falling more than 9%. Some of the individual losses have been recaptured since the first of the year, of course. IBM gained back some ground, as did GE and GM. But not big oil—the six biggest oil companies have continued to slide, and smaller oils and oilfield-services companies have been among the big losers in the first quarter. Moreover, despite some signs of a spring rally, the market as a whole is now even further behind. The broadly based Wilshire index of 5,000 stocks has fallen 7.1% since the first of the year, and the Dow industrials even briefly drifted below the 800 level in March. The bottom? Who knows? It's hard to find a bottom in all that blue-chip blood.

The Forbes Market Value 500

Rank		Company	Market value ($000,000)	% change over 1980
1981	1980			
6	6	Shell Oil	13,596	–24.4
7	11	General Electric	13,068	–6.3
8	12	General Motors	11,690	–12.3
9	14	Eastman Kodak	11,558	2.7
10	10	Atlantic Richfield	11,304	–25.3
11	8	Mobil	10,264	–40.2
12	7	Standard Oil Ohio	10,206	–42.3
13	25	E I du Pont	8,733	41.9
14	13	Texaco	8,545	–33.7
15	24	Johnson & Johnson	6,945	12.6
16	29	Procter & Gamble	6,667	17.0
17	17	Gulf Oil	6,554	–22.8
18	18	Union Oil California	6,532	–15.6
19	22	Minn Mining & Mfg	6,402	–7.5
20	23	Merck	6,273	–1.0
21	16	Phillips Petroleum	6,163	–31.1
22	15	Halliburton	6,148	–37.5
23	30	Philip Morris	6,113	13.3
24	41	American Home Prod	5,660	29.4
25	37	Sears Roebuck	5,610	16.7
26	27	Sun Company	5,438	–8.7
27	46	General Tel & Elec	5,302	25.6
28	20	Getty Oil	5,298	–29.8
29	19	Union Pacific	5,011	–33.7
30	28	Dow Chemical	4,972	–15.3
31	38	R J Reynolds Inds	4,918	3.5
32	35	Caterpillar Tractor	4,861	–3.1
33	31	Hewlett-Packard	4,861	–9.9
34	42	Digital Equipment	4,733	8.5
35	34	Superior Oil	4,692	–6.7
36	32	SmithKline Beckman	4,512	–15.2
37	26	Tenneco	4,325	–28.7
38	48	Coca-Cola	4,296	4.1
39	36	Eli Lilly	4,255	–11.9
40	65	American Express	4,104	43.1
41	50	Pfizer	3,991	1.5
42	52	Intl Tel & Tel	3,873	5.5
43	68	American Intl Group	3,714	30.9
44	43	Weyerhaeuser	3,700	–13.6
45	49	Cities Service	3,572	–10.2
46	67	Aetna Life & Cas	3,531	24.1
47	59	Bristol-Myers	3,531	6.3
48	56	Union Carbide	3,523	4.1
49	78	Tandy	3,491	37.8
50	33	Xerox	3,423	–32.3
51	100	Warner Commun	3,405	58.6
52	55	Texas Oil & Gas	3,334	–2.5
53	82	PepsiCo	3,332	34.0
54	53	Abbott Laboratories	3,308	–5.2
55	64	Citicorp	3,164	6.4
56	39	Raytheon	3,146	–31.4
57	40	BankAmerica	3,136	–29.6
58	76	AMAX	2,981	16.4
59	90	Emerson Electric	2,902	25.1
60	63	Teledyne	2,861	–3.9
61	89	Dart & Kraft	2,769	16.9
62	83	Monsanto	2,768	11.5
63	77	Pacific Gas & Elec	2,721	7.2
64	96	United States Steel	2,706	24.0
65	80	NL Industries	2,642	4.4
66	115	McDonald's	2,630	34.4
67	84	American Elec Power	2,619	5.6
68	47	Dresser Industries	2,612	–37.6
69	60	Baker International	2,589	–20.2
70	118	So Calif Edison	2,519	29.6
71	57	Rockwell Intl	2,490	–26.4
72	75	Pennzoil	2,457	–5.3
73	114	Commonwlth Edison	2,435	24.0
74	117	CSX	2,407	23.4
75	62	Deere	2,397	–20.3
76	133	Baxter Travenol Labs	2,363	28.2
77	66	Fluor	2,344	–18.2
78	105	Southern Company	2,291	10.9
79	71	Occidental Petroleum	2,284	–17.3
80	58	Litton Industries	2,277	–32.7
81	152	Cooper Industries	2,262	39.3
82	73	Hughes Tool	2,208	–16.6
83	70	W R Grace	2,182	–21.4
84	81	Westinghouse Elec	2,175	–13.5
85	45	Boeing	2,171	–48.9
86	72	United Technologies	2,166	–18.7
87	111	J P Morgan	2,095	4.9
88	137	Texas Utilities	2,065	15.4
89	158	Consolidated Edison	2,062	31.6
90	86	Ford Motor	2,016	–16.2
91	102	American Brands	2,014	–4.3
92	147	J C Penney	2,006	21.9
93	87	Burlington Northern	1,993	–16.9
94	85	Georgia-Pacific	1,991	–19.4
95	91	Wang Laboratories	1,986	–13.8
96	54	Amerada Hess	1,965	–43.7
97	■	Nabisco Brands	1,964	NA
98	95	K mart	1,953	–11.5
99	104	International Paper	1,941	–6.4
100	107	Kerr-McGee	1,938	–5.3
101	120	Gannett	1,916	–1.1
102	97	Alcoa	1,908	–12.4
103	172	Time Inc	1,904	30.6
104	69	Texas Instruments	1,898	–32.4
105	61	Santa Fe Industries	1,883	–37.4
106	203	Anheuser-Busch Cos	1,871	49.2
107	148	Travelers	1,863	13.2
108	140	Signal Companies	1,833	5.2
109	130	AMP	1,828	–2.1
110	160	Duke Power	1,825	16.7
111	92	Motorola	1,823	–20.4
112	119	TRW	1,821	–6.2
113	116	Amer Hospital Supply	1,815	–7.1
114	106	Avon Products	1,805	–12.1
115	184	General Mills	1,790	31.6
116	149	Hospital Corp of Am	1,788	9.0
117	237	Northwest Industries	1,783	56.8
118	161	Chase Manhattan	1,783	14.0
119	98	Houston Natural Gas	1,782	–17.3
120	154	Warner-Lambert	1,773	10.6
121	103	Armco	1,772	–15.7
122	51	Phibro	1,771	NC
123	156	Dun & Bradstreet	1,764	10.6
124	129	Beatrice Foods	1,762	–6.1
125	226	General Re	1,760	50.6
126	181	Federated Dept Stores	1,743	26.3
127	162	Kellogg	1,720	11.1
128	195	Norfolk & Western Ry	1,700	30.0
129	166	CPC International	1,696	12.9
130	145	Walt Disney	1,695	2.2
131	122	Freeport-McMoran	1,655	–13.9
132	208	United Telecom	1,638	33.6
133	175	Squibb	1,637	14.3
134	492	MCI Communications	1,628	232.6
135	108	Upjohn	1,620	–19.9
136	79	Honeywell	1,619	–36.1
137	112	Diamond Shamrock	1,594	–19.9
138	178	G D Searle	1,590	12.8
139	167	General Foods	1,570	5.0
140	206	Middle South Utils	1,563	26.6
141	177	Times Mirror	1,562	10.4
142	282	Dow Jones	1,554	63.6
143	198	Pub Svc Elec & Gas	1,550	19.0
144	74	Sperry	1,509	–41.8
145	211	Transamerica	1,499	22.5
146	143	Panhandle Eastern	1,493	–12.1
147	99	Schering-Plough	1,489	–30.8
148	136	Allied Corp	1,481	–17.4
149	229	Phila Electric	1,478	27.7
150	204	Southern Railway	1,474	18.8
151	217	Waste Management	1,453	20.9
152	212	Kimberly-Clark	1,448	18.9
153	258	Dayton-Hudson	1,440	38.0
154	93	Burroughs	1,429	–36.1
155	134	Cameron Iron Works	1,423	–22.3
156	165	McDermott	1,409	–7.0
157	146	Archer Danis Midland	1,393	–15.5
158	159	American Cyanamid	1,391	–11.1
159	187	First Interstate	1,385	2.2
160	174	SONAT	1,382	–3.8
161	121	InterNorth	1,380	–28.4
162	94	RCA	1,377	–37.7
163	273	Wal-Mart Stores	1,377	40.7
164	219	Colgate-Palmolive	1,373	14.6
165	232	Goodyear	1,369	19.3
166	290	General Instrument	1,364	52.2
167	101	Mesa Petroleum	1,361	–36.2
168	182	Sterling Drug	1,348	–1.9
169	144	ENSERCH	1,345	–20.4
170	209	Continental Corp	1,341	9.5

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171	109	Texas Eastern	1,340	–33.0
172	213	Houston Industries	1,339	10.2
173	236	Florida Power & Lt	1,330	16.5
174	192	CBS	1,324	–0.3
175	88	General Dynamics	1,314	–44.6
176	207	Continental Illinois	1,312	6.7
177	255	H J Heinz	1,311	22.5
178	196	Control Data	1,306	0.3
179	135	Martin Marietta	1,305	–28.0
180	197	Humana	1,303	0.0
181	239	Ralston Purina	1,295	14.3
182	153	Harris Corp	1,287	–20.5
183	235	McGraw-Hill	1,287	12.5
184	183	PPG Industries	1,283	–5.7
185	180	Merrill Lynch	1,282	–7.3
186	157	Missouri Pacific	1,276	–19.9
187	125	Natomas	1,246	–34.5
188	262	InterFirst	1,235	19.4
189	326	Federal Express	1,231	52.4
190	260	Va Electric & Power	1,231	18.7
191	249	Mfrs Hanover	1,230	11.9
192	131	Apple Computer	1,226	–34.3
193	163	Combustion Eng	1,221	–20.5
194	201	Marsh & McLennan	1,221	–3.2
195	210	Union Camp	1,207	–1.4
196	216	El Paso	1,205	0.2
197	194	Big Three Industries	1,199	–8.6
198	171	SEDCO	1,198	–17.9
199	151	Southland Royalty	1,191	–26.7
200	283	Texas Commerce Bshs	1,185	25.2
201	241	Dover	1,181	5.3
202	221	Gulf & Western Inds	1,170	–1.9
203	222	USF&G	1,169	–1.7
204	416	Storage Technology	1,168	86.0
205	218	Newmont Mining	1,166	–3.0
206	110	NCR	1,161	–41.9
207	272	Long Island Lighting	1,149	17.3
208	170	Perkin-Elmer	1,148	–21.5
209	191	Utd Energy Resources	1,148	–13.8
210	126	McDonnell Douglas	1,146	–39.4
211	132	Murphy Oil	1,137	–39.0
212	285	Carolina Pwr & Lt	1,137	22.5
213	281	Security Pacific	1,136	19.3
214	185	Bendix	1,134	–16.6
215	263	Central & South West	1,131	10.2
216	246	Southern Pacific	1,127	2.2
217	139	Levi Strauss	1,124	–36.1
218	190	Columbia Gas System	1,121	–15.9
219	248	Loews	1,118	1.6
220	310	Arizona Public Serv	1,117	32.5
221	127	Louisiana Land	1,116	–40.8
222	245	Pioneer	1,112	0.6
223	287	Chesebrough-Pond's	1,105	21.0
224	291	Borg-Warner	1,105	23.4
225	176	Ingersoll-Rand	1,100	–22.9
226	358	Fort Howard Paper	1,090	45.0
227	186	Transco Companies	1,088	–19.8
228	284	Farmers Group	1,086	14.9
229	189	Champion Intl	1,084	–18.9
230	286	Detroit Edison	1,082	18.4
231	224	Air Prods & Chems	1,076	–8.8
232	242	St Regis Paper	1,075	–4.0
233	254	Continental Group	1,074	0.3
234	220	General Signal	1,071	–10.4
235	264	Carnation	1,065	5.2
236	202	Western Co No Amer	1,062	–15.7
237	141	Revlon	1,052	–39.1
238	352	Dana	1,049	38.3
239	314	Niagara Mohawk Pwr	1,039	24.2
240	173	Smith International	1,038	–28.1
241	279	Consumers Power	1,032	7.7
242	302	Continental Tel	1,028	17.2
243	124	Tom Brown	1,028	–46.3
244	240	Tektronix	1,027	–9.1
245	298	Tandem Computers	1,025	15.5
246	325	St Paul Companies	1,023	26.0
247	367	Cox Broadcasting	1,020	37.8
248	230	Datapoint	1,018	–11.8
249	231	Bethlehem Steel	1,016	–11.9
250	311	Gillette	1,015	20.6
251	244	Hilton Hotels	1,013	–9.1
252	128	Mitchell Enrgy & Dev	1,012	–46.1
253	247	Consol Natural Gas	1,004	–9.0
254	288	American General	1,003	9.9
255	332	Penn Power & Light	1,001	26.5
256	261	Nalco Chemical	994	–4.0
257	142	Intel	985	–42.8
258	238	MCA	985	–13.4
259	227	M/A-Com	982	–15.5
260	259	Stauffer Chemical	979	–5.7
261	353	Amer Broadcasting	979	29.1
262	296	Melville	978	9.9
263	348	First City Bancorp	977	28.2
264	297	Knight-Ridder News	974	9.7
265	225	Delta Air Lines	974	–17.0
266	257	Becton, Dickinson	972	–7.6
267	328	Hercules	962	19.3
268	354	Capital Cities Comm	961	26.7
269	277	Pittston	952	–1.4
270	338	Crum & Forster	951	21.6
271	193	Lubrizol	949	–27.9
272	251	Corning Glass Works	948	–13.2
273	320	Marriott	938	14.3
274	199	Helmerich & Payne	936	–28.0
275	362	Masco	931	24.6
276	266	Campbell Soup	923	–8.1
277	379	Whirlpool	920	31.9
278	324	Ohio Edison	915	12.4
279	214	General American Oil	914	–24.5
280	289	Boise Cascade	913	0.5
281	337	Jack Eckerd	911	16.5
282	381	Brown-Forman Dist	909	31.1
283	275	Pacific Pwr & Lt	908	–6.4
284	265	Textron	906	–10.5
285	293	Arkla	899	0.7
286	188	Petrolane	890	–33.8
287	252	Computervision	887	–17.7
288	350	Bankers Trust NY	887	16.5
289	407	Central Tel & Utils	885	38.1
290	233	Amer Nat Resources	883	NC
291	409	Chemical New York	883	38.1
292	323	Penn Central	879	7.8
293	333	Celanese	872	10.8
294	382	Consolidated Foods	870	25.7
295	349	Eaton	870	14.3
296	386	R H Macy	870	26.7
297	373	Genuine Parts	868	19.9
298	368	Owens-Illinois	868	17.5
299	357	Pillsbury	858	14.2
300	378	Public Service Ind	855	22.2
301	138	Intl Minerals & Chem	854	–51.9
302	305	Holiday Inns	853	–1.4
303	425	Republic of Texas	852	39.4
304	316	Lincoln National	850	2.2
305	343	Auto Data Processing	848	10.0
306	405	Amer Medical Intl	846	31.4
307	228	MAPCO	840	–27.6
308	271	FMC	835	–14.9
309	253	Ashland Oil	830	–22.8
310	421	Illinois Power	827	34.0
311	347	Borden	820	7.3
312	414	Pioneer Hi-Bred Intl	818	29.8
313	393	Cleveland Elec Illum	817	20.7
314	179	Williams Companies	815	–42.0
315	374	Union Electric	813	13.1
316	■	Midcon	809	NA
317	295	American Standard	808	–9.3
318	406	Utah Power & Light	798	24.2
319	342	Natl Medical Entrprs	798	3.4
320	300	Gould	796	–9.9
321	278	Cabot	792	–17.7
322	256	Rowan Companies	791	–25.9
323	363	LTV	789	5.7
324	317	NLT	788	–4.2
325	335	Avnet	788	0.2
326	432	Rohm & Haas	787	31.5
327	404	Baltimore Gas & Elec	782	21.2
328	306	Northrop	782	–9.5
329	205	Crown Zellerbach	779	–37.3
330	366	Square D	778	5.1
331	294	Wheelabrator-Frye	771	–13.4
332	309	National Distillers	771	–9.4
333	420	First Chicago	768	23.5
334	268	Coastal Corp	767	–23.0
335	267	Sundstrand	764	–23.7

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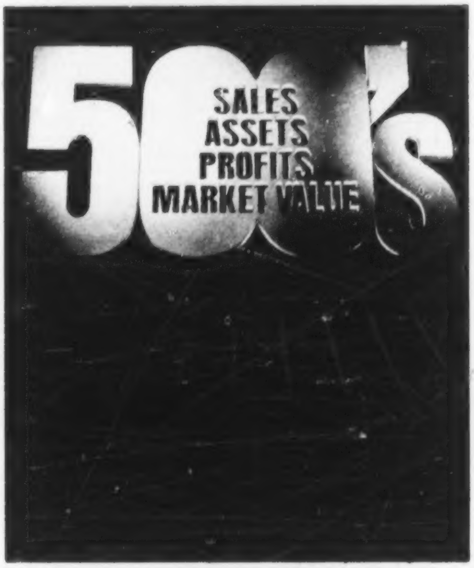
Rank 1981	Rank 1980	Company	Market value ($000,000)	% change over 1980
336	397	City Investing	762	13.9
337	318	Tidewater	761	–7.4
338	434	Colt Industries	761	28.8
339	383	Roadway Express	759	9.7
340	380	Winn-Dixie Stores	759	9.2
341	454	Allegheny Power	755	36.3
342	439	Bally Manufacturing	752	28.2
343	■	Texas International	752	2.5
344	500	Southland Corp	752	55.1
345	234	CBI Industries	751	–34.4
346	223	Noble Affiliates	746	–37.3
347	385	Safeco	746	8.1
348	■	Centl Louisiana Engy	744	NC
349	427	Heublein	736	20.9
350	336	Phelps Dodge	731	–7.0
351	429	Kroger	728	20.5
352	391	Timken	727	7.1
353	341	May Dept Stores	726	–6.0
354	329	NICOR	723	–9.4
355	451	Pacific Lighting	723	29.3
356	419	Mellon National	722	16.0
357	428	Firestone	721	19.0
358	459	Northeast Utilities	721	32.1
359	446	Gulf States Utils	719	26.5
360	463	Super Valu Stores	718	34.2
361	355	Household Intl	717	–5.4
362	315	Intl Flavors & Frag	713	–14.4
363	270	Norton	713	–27.9
364	400	R R Donnelley & Sons	713	7.9
365	312	Texas Gas Transmn	709	–15.6
366	412	No States Power	708	12.2
367	304	Pogo Producing	707	–19.3
368	274	Reading & Bates	705	–27.7
369	280	Global Marine	704	–26.2
370	215	Prime Computer	700	–42.0
371	422	Greyhound	699	13.5
372	424	Quaker Oats	696	13.5
373	330	Safeway Stores	692	–13.1
374	321	Owens-Corning Fbrgls	690	–15.8
375	479	Burlington Inds	687	36.0
376	■	Electronic Data Sys	687	49.8
377	372	Joy Manufacturing	686	–5.5
378	■	Allied Bancshares	683	82.3
379	327	Scott Paper	682	–15.5
380	■	E F Hutton Group	678	53.8
381	319	Polaroid	674	–18.0
382	394	Interco	671	–0.8
383	200	ASARCO	670	–47.7
384	440	PACCAR	668	14.5
385	438	American Can	666	13.4
386	452	Supron Energy	664	18.9
387	356	Lucky Stores	659	–13.0
388	276	Kaiser Alum & Chem	657	–32.0
389	■	Combined Internatl	651	36.2
390	■	Engelhard	650	NA
391	■	Richardson-Vicks	649	NA
392	426	Deluxe Check Printers	646	5.9
393	466	Potomac Elec Power	643	21.1
394	■	AMF	640	41.6
395	444	Public Service Colo	640	12.3
396	340	Black & Decker	637	–17.6
397	346	Belco Petroleum	637	–16.8
398	■	Metromedia	635	48.6
399	369	Bausch & Lomb	629	–14.4
400	360	Northwest Bancorp	629	–16.0
401	■	Scientific-Atlanta	628	58.5
402	243	Homestake Mining	626	–43.8
403	462	Esmark	626	16.0
404	■	Browning-Ferris Inds	625	50.0
405	■	Baldwin-United	523	45.7
406	■	Western Union	622	62.9
407	■	Vulcan Materials	620	29.9
408	345	Geosource	616	–19.5
409	433	Westvaco	614	2.7
410	403	Wells Fargo	614	–5.8
411	■	Toys "R" Us	612	74.3
412	269	Parker Drilling	610	–38.6
413	375	Norton Simon	609	–15.3
414	486	Capital Holding	608	22.6
415	388	Mead	604	–11.7
416	410	Medtronic	602	–5.8
417	435	McGraw-Edison	601	2.2
418	364	Pacific Lumber	600	–19.5
419	478	Duquesne Light	600	18.4
420	■	So New England Tel	600	33.3
421	351	Zapata	599	–21.1
422	376	Louisiana-Pacific	598	–16.4
423	413	American Petrofina	596	–5.5
424	417	Gt Northern Nekoosa	595	–4.8
425	■	Ryder System	592	28.2
426	490	Foremost-McKesson	586	19.0
427	■	Public Service N M	586	81.7
428	473	Northwest Airlines	585	13.8
429	370	Cincinnati Milacron	583	–20.6
430	■	First Natl Boston	580	29.4
431	■	Wisconsin Elec Pwr	576	29.1
432	392	Data General	574	–15.4
433	493	Parker-Hannifin	571	16.8
434	■	Florida Power	570	28.3
435	■	Olin	567	18.0
436	496	Chubb	566	16.5
437	■	Lockheed	565	41.1
438	■	Hershey Foods	564	69.5
439	■	New England Electric	563	23.8
440	430	EG&G	560	–6.7
441	■	GEICO	559	88.6
442	■	No Indiana Pub Svc	557	17.7
443	331	ROLM	556	–29.9
444	485	Diamond Intl	554	11.3
445	456	Jefferson-Pilot	554	0.3
446	■	Berkshire Hathaway	553	31.9
447	464	U S Gypsum	552	3.3
448	477	Crocker National	547	7.4
449	399	Eastern Gas & Fuel	547	–17.3
450	365	F W Woolworth	545	–26.5
451	■	Cincinnati G & E	543	13.1
452	■	A C Nielsen	540	49.8
453	402	Raychem	536	–18.3
454	■	Mercantile Texas	534	42.3
455	484	North Amer Philips	534	6.3
456	■	Provident Life & Acc	533	20.2
457	■	Allied Stores	529	25.5
458	431	First Bank System	528	–12.0
459	■	Consol Freightways	528	63.7
460	494	W W Grainger	527	8.1
461	■	Whittaker	527	18.6
462	■	Paradyne	526	46.7
463	■	Oak Industries	524	77.9
464	361	Kaneb Services	523	–30.1
465	480	IC Industries	521	3.2
466	301	Sabine	520	–40.9
467	■	San Diego Gas & Elec	519	21.1
468	396	Inexco Oil	518	–23.1
469	■	Commerce Clearing	515	92.4
470	445	Amdahl	511	–10.3
471	308	Valero Energy	511	–40.6
472	■	Comsat	508	31.9
473	377	Fedl Natl Mortgage	502	–28.4
474	313	Foster Wheeler	502	–40.3
475	■	Portland Genl Elec	499	19.1
476	401	Cray Research	499	–24.4
477	■	Genl Tire & Rubber	497	12.0
478	■	NIKE	495	46.1
479	■	Revco D S	494	21.1
480	■	Liberty Natl Ins Hld	493	28.0
481	415	Alexander & Alexander	493	–21.6
482	437	Inland Steel	491	–16.4
483	■	Ohio Casualty	490	25.2
484	■	N Y State Elec & Gas	489	12.6
485	435	A E Staley Mfg	489	–16.8
486	■	Oklahoma Gas & Elec	489	22.3
487	303	Energy Reserves Gp	489	–44.2
488	472	UAL	488	–5.5
489	475	Gulf United	486	–5.1
490	461	USLIFE	485	–10.5
491	■	Flightsafety Intl	482	39.4
492	■	New York Times	481	15.7
493	408	Lear Siegler	475	–25.7
494	384	Koppers	474	–31.5
495	487	Rollins	466	–5.7
496	395	Reynolds Metals	465	–31.2
497	■	Stanley Works	464	1.5
498	■	Morton-Norwich	463	31.3
499	■	H & R Block	460	31.4
500	■	Dayton Power & Light	459	40.6

■ Not on 500 list in 1980. NC: not comparable. NA: not available.

SUMMARY



Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
383	275	54	111	**Abbott Laboratories (Dec)**	2,355,613	2,342,524	3,307,500	247,283
11	28	46	40	**Aetna Life & Casualty (Dec)**	39,630,600	13,531,900	3,531,396	491,100
480	■	■	■	**Affiliated Bankshares of Colorado (Dec)**	1,837,721	219,788	132,175	20,364
45	383	■	■	**H F Ahmanson (Dec)**	15,048,826	1,564,248	358,463	–61,498
470	382	231	250	**Air Products & Chemicals (Sept)**	1,876,987	1,570,115	1,076,338	126,039
■	472	■	■	**Akzona (Dec)**	836,090	1,187,583	127,042	11,598
■	173	■	■	**Albertson's (Jan)**	709,847	3,480,570	394,161	48,478
■	257	■	489	**Alco Standard (Sept)**	909,318	2,521,661	363,204	57,797
■	■	481	490	**Alexander & Alexander Services (Dec)**	852,617	458,279	492,737	57,525
233	428	■	457	**Alleghany (Dec)**	3,610,274	1,374,095	382,617	64,431
376	336	■	393	**Allegheny International (Dec)**	2,429,414	1,907,809	361,551	81,000
272	374	341	239	**Allegheny Power System (Dec)**	3,190,739	1,607,461	755,005	132,477
183	■	378	465	**Allied Bancshares (Dec)**	4,441,291	530,480	683,394	62,917
146	78	148	68	**Allied Corp (Dec)**	5,344,000	6,407,000	1,480,518	348,000

■ Not on 500 list.

A Summary of the 500's Rankings

On these and the following pages, a summary of all four FORBES 500 rosters. The companies are listed alphabetically. We give their rankings in assets, sales, market value and net profits, the actual figures reported that determined those rankings, the number of their employees and the names of their chief executives.

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
330,600	122,500	NYSE	ABT	2.01	0.69	27	North Chicago, Ill	31.3	**Robert A Schoellhorn**
1,142,800	80,259	NYSE	AET	6.11	2.27	44	Hartford, Conn	39.7	**John H Filer**
33,227	6,220	NASDAQ	AFBK	3.05	0.93	21¼	Boulder, Colo	2.0	**Thomas S Moon**
771,889	23,700	NYSE	AHM	−2.59	1.20	15⅛	Los Angeles, Cal	3.9	**William H Ahmanson**
307,172	28,607	NYSE	APD	4.42	0.80	37⅝	Allentown, Pa	16.0	**Edward Donley**
56,015	**12,245**	**NYSE**	**AXO**	**0.95**	**0.80**	**10⅜**	**Asheville, NC**	**15.5**	**Claude S Ramsey**
86,323	**14,874**	**NYSE**	**ABS**	**3.14**	**0.86**	**26½**	**Boise, Ida**	**29.0**	**Warren E McCain**
79,574	**18,746**	**NYSE**	**ASN**	**2.88**	**1.02**	**19⅝**	**Valley Forge, Pa**	**18.4**	**Ray B Mundt**
81,883	**19,323**	**NYSE**	**AAL**	**2.98**	**1.84**	**25½**	**New York, NY**	**7.5**	**John A Bogardus Jr**
400,374	**7,889**	**NYSE**	**Y**	**6.07**	**1.08**	**48½**	**New York, NY**	**5.2**	**Fred M Kirby**
78,707	10,833	NYSE	AG	7.48	1.40	33⅜	Pittsburgh, Pa	40.1	**Robert J Buckley**
234,875	46,822	NYSE	AYP	3.03	2.01	16⅛	New York, NY	5.8	**Charles B Finch**
92,098	20,867	NASDAQ	ALBN	3.02	0.69	32¾	Houston, Tex	2.5	**Gerald H Smith**
684,000	33,744	NYSE	ALD	9.17	2.35	43⅞	Morristown, NJ	52.2	**Edward L Hennessey Jr**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
422	239	457	367	**Allied Stores (Jan)**	2,169,000	2,760,867	528,509	88,332
■	315	■	■	**Allis-Chalmers (Dec)**	1,594,247	2,041,844	199,469	–28,841
131	112	102	85	**Aluminum Company of America (Dec)**	5,653,800	4,977,500	1,907,986	296,200
141	234	58	123	**AMAX (Dec)**	5,448,600	2,799,400	2,980,955	230,800
■	■	470	■	**Amdahl (Dec)**	457,078	442,774	511,265	26,764
110	46	96	140	**Amerada Hess (Dec)**	6,321,581	9,396,219	1,965,174	212,591
221	147	■	■	**American Airlines (Dec)**	3,738,221	4,108,699	316,426	16,840
437	■	■	■	**[1]American Bancorporation (Dec)**	2,051,690	248,659	90,799	20,343
115	124	91	59	**[2]American Brands (Dec)**	6,259,764	4,541,417	2,013,863	386,089
■	270	261	218	**American Broadcasting Companies (Dec)**	1,588,349	2,420,728	978,622	146,313
315	119	385	417	**American Can (Dec)**	2,835,800	4,836,400	665,672	76,700
281	164	158	157	**American Cyanamid (Dec)**	3,065,025	3,649,073	1,390,666	197,054
59	142	67	62	**American Electric Power (Dec)**	11,567,039	4,192,645	2,618,850	368,279
23	65	40	38	**American Express (Dec)**	25,103,000	7,211,000	4,103,934	518,000
301	■	■	■	**American Fletcher (Dec)**	2,942,958	344,284	73,040	15,445
81	272	254	184	**American General (Dec)**	8,075,700	2,387,700	1,002,581	169,000
349	146	24	39	**American Home Products (Dec)**	2,588,538	4,131,237	5,660,019	497,332
488	227	113	216	**American Hospital Supply (Dec)**	1,770,200	2,870,100	1,815,138	146,600
85	207	43	71	**American International Group (Dec)**	7,957,455	3,154,921	3,713,866	345,327
■	■	306	■	**American Medical International (Aug)**	984,149	913,536	846,118	50,807
■	254	■	■	**American Motors (Dec)**	1,100,720	2,588,923	135,320	–136,563
294	■	■	433	**American National Insurance (Dec)**	2,968,086	642,867	421,102	71,366
217	224	290	226	**American Natural Resources (Dec)**	3,808,226	2,896,008	883,350	138,058
■	258	423	424	**American Petrofina (Dec)**	1,146,081	2,504,038	596,203	74,140
408	■	■	■	**American Savings & Loan Assn of Fla (Sept)**	2,225,894	243,912	24,501	–7,665
283	■	■	■	**American Security (Dec)**	3,046,150	370,381	154,627	26,084
■	264	317	283	**American Standard (Dec)**	1,574,285	2,471,346	807,980	111,490
■	67	■	455	**American Stores (Jan)**	1,356,328	7,096,590	290,487	64,552
1	4	1	1	**American Telephone & Telegraph (Dec)**	137,749,500	58,213,800	47,887,595	6,888,100
137	■	■	486	**AmeriTrust (Dec)**	5,529,552	643,279	279,994	58,085
■	451	394	■	**AMF (Dec)**	951,087	1,271,556	640,054	29,946
■	301	■	■	**Amfac (Dec)**	1,371,623	2,148,008	373,200	44,208
■	459	109	233	**AMP (Dec)**	1,025,411	1,234,295	1,827,939	134,770
303	■	■	■	**AmSouth Bancorporation (Dec)**	2,926,731	347,042	142,214	29,678
■	324	■	426	**Amstar (June)**	671,862	1,980,375	233,781	73,440
■	332	■	■	**Anderson, Clayton (June)**	895,384	1,929,647	328,651	51,399
312	155	106	136	**Anheuser-Busch Cos (Dec)**	2,875,200	3,847,200	1,870,694	217,400
■	■	192	■	**Apple Computer (Sept)**	254,838	334,783	1,226,190	39,420
■	221	■	■	**ARA Services (Sept)**	1,137,788	2,915,876	300,328	45,082
447	165	157	173	**Archer Daniels Midland (June)**	2,000,631	3,647,491	1,392,815	175,981
432	■	■	■	**Arizona Bank (Dec)**	2,077,358	264,928	118,439	15,799
250	■	220	156	**Arizona Public Service (Dec)**	3,396,790	882,154	1,116,949	197,434
■	475	285	370	**Arkla (Dec)**	1,427,451	1,179,139	898,523	87,560
105	57	121	89	**[2]Armco (Dec)**	6,682,300	7,735,300	1,772,484	290,400
■	426	■	■	**Armstrong World Industries (Dec)**	938,550	1,376,290	409,337	47,078
431	391	383	■	**ASARCO (Dec)**	2,092,813	1,531,506	670,144	50,038
196	48	309	360	**Ashland Oil (Sept)**	4,097,433	9,262,076	830,094	90,032
■	241	■	435	**Associated Dry Goods (Jan)**	1,557,478	2,751,221	332,147	69,774
390	■	■	■	**Atlantic Bancorp (Dec)**	2,323,257	249,768	125,904	16,588

■ Not on 500 list.

[1] Formerly American Bank & Trust Pa.

[2] Figures include unconsolidated subsidiaries.

A Summary of the 500's Rankings

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
155,000	20,230	NYSE	ALS	4.38	1.73	26⅛	New York, NY	70.0	**Thomas M Macioce**
–1,717	12,565	NYSE	AH	–2.86	1.75	15⅞	West Allis, Wisc	26.8	**David C Scott**
550,400	74,458	NYSE	AA	3.97	1.80	25⅝	Pittsburgh, Pa	44.4	**W H Krome George**
473,900	63,089	NYSE	AMX	3.31	2.40	47¼	Greenwich, Conn	20.2	**Pierre Gousseland**
88,669	17,331	ASE	AMH	1.31	0.40	29½	Sunnyvale, Cal	4.9	**Eugene R White**
748,962	81,458	NYSE	AHC	2.53	1.10	24⅛	New York, NY	9.0	**Leon Hess**
268,554	28,766	NYSE	AMR	0.16	none	11	Dallas, Tex	42.3	**Albert V Casey**
21,121	8,071	NASDAQ	APEN	2.59	0.95	11¼	Reading, Pa	1.8	**Samuel A McCullough**
412,076	54,799	NYSE	AMB	6.68	3.21	36¾	New York, NY	52.5	**Edward W Whittemore**
204,997	28,783	NYSE	ABC	5.13	1.60	34	New York, NY	13.2	**Leonard H Goldenson**
265,400	19,365	NYSE	AC	3.77	2.90	34⅜	Greenwich, Conn	46.8	**William S Woodside**
375,202	47,954	NYSE	ACY	4.11	1.68	29	Wayne, NJ	42.2	**Dr James G Affleck**
799,335	161,160	NYSE	AEP	2.37	2.26	16¼	Columbus, Ohio	26.5	**Willis S White Jr**
2,942,000	93,007	NYSE	AXP	5.58	2.00	44⅛	New York, NY	55.9	**James D Robinson III**
25,623	4,565	NASDAQ	AFLT	3.38	1.30	16	Indianapolis, Ind	2.4	**Frank E McKinney Jr**
767,600	24,305	NYSE	AGC	6.63	2.00	41¼	Houston, Tex	8.4	**Harold S Hook**
586,462	155,069	NYSE	AHP	3.18	1.90	36½	New York, NY	49.5	**John W Culligan**
201,700	47,300	NYSE	AHS	3.08	1.04	38⅜	Evanston, Ill	34.1	**Karl D Bays**
745,703	57,357	NASDAQ	AIGR	6.02	0.38	64¾	New York, NY	21.4	**Maurice R Greenberg**
118,835	32,543	NYSE	AMI	1.60	0.45	26	Beverly Hills, Cal	23.5	**Royce Diener**
–60,707	56,977	NYSE	AMO	–2.44	none	2⅜	Southfield, Mich	21.0	**W Paul Tippett Jr**
165,157	29,551	NASDAQ	ANAT	2.36	0.70	14¼	Galveston, Tex	8.8	**Orson C Clay**
472,027	23,556	NYSE	ANR	5.90	2.84	37½	Detroit, Mich	11.6	**Arthur R Seder Jr**
137,747	10,791	ASE	API A	6.88	3.20	55¼	Dallas, Tex	2.7	**Richard I Galland**
132,480	2,579	NYSE	AAA	–2.99	0.60	9½	Miami, Fla	0.9	**Morris N Broad**
37,813	3,617	NASDAQ	ASEC	7.24	2.45	42¾	Washington, DC	1.4	**W Jarvis Moody**
198,745	27,159	NYSE	AST	4.07	2.20	29¾	New York, NY	45.1	**William A Marquard**
151,734	9,847	NYSE	ASC	5.42	0.80	29½	Salt Lake City, Utah	62.0	**Lennie S Skaggs**
17,207,500	815,108	NYSE	T	8.55	5.30	58¾	New York, NY	1,042.1	**Charles L Brown**
77,568	9,256	NASDAQ	AMTR	6.29	2.72	30¼	Cleveland, Ohio	4.5	**M Brock Weir**
150,610	23,065	NYSE	AMF	1.31	1.27	27¾	White Plains, NY	21.2	**W Thomas York**
109,306	14,083	NYSE	AMA	3.04	1.44	26½	Honolulu, Haw	24.0	**Henry A Walker Jr**
199,707	35,930	NYSE	AMP	3.75	1.20	50⅞	Harrisburg, Pa	19.2	**Joseph D Brenner**
44,062	7,436	NYSE	ASO	4.00	1.44	19⅛	Birmingham, Ala	3.6	**John W Woods**
99,998	9,035	NYSE	ASR	8.04	1.60	25⅞	New York, NY	8.1	**Robert T Quittmeyer**
75,046	12,286	NYSE	AYL	4.09	1.20	26¾	Houston, Tex	17.6	**Thomas J Barlow**
436,300	45,488	NYSE	BUD	4.79	1.13	41⅛	St Louis, Mo	18.0	**August A Busch III**
52,321	55,421	NASDAQ	AAPL	0.70	none	22⅛	Cupertino, Cal	1.7	**A C Markkula Jr**
138,139	11,175	NYSE	ARA	4.00	1.97	26⅞	Philadelphia, Pa	108.0	**Wiliam S Fishman**
253,679	72,354	NYSE	ADM	2.55	0.13	19⅛	Decatur, Ill	6.3	**Dwayne O Andreas**
21,423	7,071	NASDAQ	ABKP	2.25	0.77	16¾	Phoenix, Ariz	2.2	**Donald B Tostenrud**
225,283	57,649	NYSE	AZP	3.26	2.20	19⅜	Phoenix, Ariz	5.9	**Keith L Turley**
171,116	50,267	NYSE	ALG	1.74	0.75	17⅞	Shreveport, La	5.0	**Edward Sheffield Nelson**
519,500	63,303	NYSE	AS	4.90	1.72	28	Middletown, Ohio	63.8	**Harry Holiday Jr**
93,973	24,438	NYSE	ACK	1.88	1.10	16¾	Lancaster, Pa	22.2	**Harry A Jensen**
113,839	26,025	NYSE	AR	1.54	1.40	25⅜	New York, NY	12.5	**Ralph L Hennebach**
265,858	26,563	NYSE	ASH	2.22	2.40	31¼	Russell, Ky	29.5	**John R Hall**
127,187	13,557	NYSE	DG	4.17	1.70	24½	New York, NY	54.8	**William P Arnold**
27,551	5,246	NASDAQ	ABAN	3.16	1.00	24	Jacksonville, Fla	2.8	**Billy J Walker**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
35	11	10	10	Atlantic Richfield (Dec)	19,732,539	27,797,436	11,303,531	1,671,290
■	■	305	■	Automatic Data Processing (June)	489,054	558,443	847,517	47,364
123	280	■	429	Avco (Nov)	6,062,848	2,325,643	422,806	72,172
■	440	325	441	Avnet (June)	639,764	1,316,224	787,861	68,005
■	252	114	134	Avon Products (Dec)	1,567,800	2,613,800	1,804,680	219,900
484	303	69	126	Baker International (Sept)	1,808,545	2,140,016	2,588,940	224,989
163	261	405	402	Baldwin-United (Dec)	4,957,339	2,492,049	623,313	79,290
■	■	342	389	Bally Manufacturing (Dec)	705,260	866,447	752,357	81,[illegible]76
266	416	327	210	Baltimore Gas & Electric (Dec)	3,266,403	1,421,056	782,458	149,659
231	■	■	■	Banc One (Dec)	3,638,859	414,525	300,907	38,583
211	■	■	■	BanCal Tri-State (Dec)	3,923,501	503,005	120,029	10,796
335	■	■	■	Banco Popular de Puerto Rico (Dec)	2,688,725	340,934	66,375	24,253
138	■	■	■	BancOhio (Dec)	5,511,428	619,126	112,644	27,422
321	■	■	■	Bancorp Hawaii (Dec)	2,787,139	322,085	139,613	25,879
60	398	■	485	Bank of New York (Dec)	11,462,995	1,495,177	300,854	58,164
316	■	■	■	Bank of Virginia (Dec)	2,828,547	355,218	80,815	15,032
2	23	57	49	BankAmerica (Dec)	121,158,350	15,085,174	3,135,799	445,443
16	120	288	165	Bankers Trust New York (Dec)	34,213,010	4,655,784	886,983	187,980
139	■	■	■	Barnett Banks of Florida (Dec)	5,504,347	590,571	309,764	41,181
■	■	399	■	Bausch & Lomb (Dec)	431,073	533,300	629,318	9,929
■	396	76	207	Baxter Travenol Laboratories (Dec)	1,590,743	1,503,890	2,362,722	150,581
241	■	■	■	BayBanks (Dec)	3,462,024	404,455	158,569	30,374
189	52	124	84	Beatrice Foods (Feb)	4,236,555	8,772,804	1,761,912	304,211
■	■	266	419	Becton, Dickinson (Sept)	1,004,324	1,066,093	971,665	75,863
■	■	397	298	Belco Petroleum (Dec)	764,502	317,098	636,811	108,762
267	128	214	46	Bendix (Sept)	3,218,500	4,425,400	1,133,758	452,800
75	281	■	■	[2]Beneficial Corp (Dec)	8,574,700	2,324,400	446,654	–11,600
■	■	446	■	Berkshire Hathaway (Dec)	1,157,911	461,406	552,720	39,723
149	62	249	144	Bethlehem Steel (Dec)	5,282,100	7,298,000	1,015,607	210,900
■	■	197	297	Big Three Industries (Dec)	1,015,259	823,289	1,199,241	108,854
■	411	396	450	Black & Decker Manufacturing (Sept)	1,164,772	1,431,001	636,884	65,662
■	■	499	■	H & R Block (Apr)	236,437	263,834	459,800	37,657
■	412	■	■	Blue Bell (Sept)	818,906	1,427,164	320,645	46,676
384	■	■	■	Boatmen's Bancshares (Dec)	2,354,742	238,228	85,734	17,940
100	44	85	43	Boeing (Dec)	6,953,700	9,788,200	2,171,115	473,000
325	211	280	262	Boise Cascade (Dec)	2,740,125	3,107,360	913,242	120,080
361	129	311	195	Borden (Dec)	2,508,816	4,415,174	820,344	159,939
416	238	224	182	Borg-Warner (Dec)	2,191,200	2,761,200	1,104,971	172,100
463	■	■	427	Boston Edison (Dec)	1,918,013	1,049,596	312,818	73,222
■	471	■	■	Braniff International (Dec)	1,008,297	1,188,975	45,043	–160,611
365	171	47	83	Bristol-Myers (Dec)	2,488,500	3,496,700	3,531,325	305,800
479	■	■	■	Broadview Financial (Dec)	1,843,860	183,971	11,892	–19,071
■	■	282	444	Brown-Forman Distillers (Apr)	511,617	500,297	909,339	67,249
■	435	■	■	Brown Group (Oct)	591,342	1,337,779	308,067	55,120
■	■	404	■	Browning-Ferris Industries (Sept)	596,200	660,670	625,313	48,462
■	■	■	445	Brunswick (Dec)	1,035,345	1,085,198	378,218	66,757
410	200	375	274	Burlington Industries (Sept)	2,210,738	3,262,886	687,302	115,314
129	115	93	95	Burlington Northern (Dec)	5,673,536	4,935,823	1,992,759	272,163
184	193	154	211	Burroughs (Dec)	4,439,400	3,318,491	1,428,748	148,926

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981									
	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
3,588,871	241,142	NYSE	ARC	6.66	2.20	46⅞	Los Angeles, Cal	53.0	**Robert O Anderson**
95,695	33,732	NYSE	AUD	1.51	0.41	25⅛	Clifton, NJ	13.5	**Frank R Lautenberg**
418,477	21,009	NYSE	AV	3.25	1.20	20⅛	Greenwich, Conn	26.5	**Robert P Bauman**
79,457	17,081	NYSE	AVT	3.90	0.93	46⅛	New York, NY	12.0	**Anthony R Hamilton**
258,400	60,156	NYSE	AVP	3.66	3.00	30	New York, NY	34.0	**David W Mitchell**
338,999	68,130	NYSE	BKO	3.36	0.55	38	Orange, Cal	23.7	**Earnest H Clark Jr**
1,551,191	9,973	NYSE	BDW	7.73	1.60	62½	Cincinnati, Ohio	10.2	**Morley P Thompson**
128,579	25,832	NYSE	BLY	3.03	0.10	29⅛	Chicago, Ill	9.7	**Robert Mullane**
314,854	33,836	NYSE	BGE	3.70	2.62	23⅛	Baltimore, Md	8.8	**Bernard C Trueschler**
63,249	8,487	NASDAQ	BONE	4.95	1.64	35½	Columbus, Ohio	3.5	**John G McCoy**
12,790	4,707	NYSE	BNC	2.27	1.18	25½	San Francisco, Cal	3.4	**Chauncey E Schmidt**
39,480	4,500	NASDAQ	BPOP	5.39	1.07	14¾	San Juan, PR	3.5	**Rafael Carrión Jr**
59,553	8,046	NASDAQ	BOHI	3.41	0.80	14	Columbus, Ohio	5.9	**Arthur D Herrmann**
41,131	7,496	NASDAQ	BNHI	3.29	1.06	18⅝	Honolulu, Haw	2.8	**Frank J Manaut**
103,909	7,017	NYSE	BK	8.50	3.05	42⅞	New York, NY	7.6	**J Carter Bacot**
29,178	5,479	NYSE	BKV	2.68	1.16	14¾	Richmond, Va	3.3	**Frederick Deane Jr**
973,596	147,567	NYSE	BAC	3.02	1.50	21¼	San Francisco, Cal	81.3	**Samuel H Armacost**
262,720	26,184	NYSE	BT	6.89	1.85	33⅞	New York, NY	12.1	**Alfred Brittain III**
66,598	13,616	NYSE	BBF	3.11	0.88	22¾	Jacksonville, Fla	7.1	**Charles E Rice**
22,484	11,902	NYSE	BOL	0.82	1.47	52⅞	Rochester, NY	11.0	**Daniel E Gill**
221,519	70,529	NYSE	BAX	2.15	0.37	33½	Deerfield, Ill	30.9	**Vernon R Loucks Jr**
48,823	3,079	NASDAQ	BBNK	9.98	3.10	51½	Boston, Mass	4.5	**William M Crozier Jr**
505,961	97,884	NYSE	BRY	2.94	1.38	18	Chicago, Ill	82.0	**James L Dutt**
124,154	20,349	NYSE	BDX	3.61	1.03	47¾	Paramus, NJ	21.1	**Wesley J Howe**
182,977	23,806	NYSE	BPC	4.53	0.58	26¾	New York, NY	1.6	**Arthur B Belfer**
526,600	19,298	NYSE	BX	18.49	3.08	58¾	Southfield, Mich	72.6	**William M Agee**
416,200	22,194	NYSE	BNL	−1.29	2.00	20⅛	Wilmington, Del	16.8	**Finn M W Caspersen**
71,316	987	NASDAQ	BKHT	40.27	none	560	New Bedford, Mass	0.6	**Warren E Buffet**
580,200	43,682	NYSE	BS	4.83	1.60	23¼	Bethlehem, Pa	83.8	**Donald H Trautlein**
194,250	42,451	NYSE	BIG	2.57	0.58	28¼	Houston, Tex	5.9	**Harry K Smith**
121,570	42,108	NYSE	BDK	1.56	0.76	15⅛	Towson, Md	19.9	**Francis P Lucier**
43,562	12,100	NYSE	HRB	3.14	1.84	38	Kansas City, Mo	1.8	**Henry W Bloch**
53,825	12,762	NYSE	BBL	3.70	1.80	25⅛	Greensboro, NC	34.5	**L Kimsey Mann**
27,620	3,464	NASDAQ	BOAT	5.21	1.60	24¾	St Louis, Mo	1.7	**Donald N Brandin**
932,200	96,494	NYSE	BA	4.90	1.40	22½	Seattle, Wash	105.3	**Thornton A Wilson**
273,800	26,664	NYSE	BCC	4.50	1.86	34¼	Boise, Ida	31.0	**John B Fery**
289,444	29,298	NYSE	BN	5.45	2.01	28	New York, NY	35.2	**Eugene J Sullivan**
259,600	41,697	NYSE	BOR	4.00	1.28	26½	Chicago, Ill	55.7	**James F Beré**
161,499	14,219	NYSE	BSE	4.15	2.80	22	Boston, Mass	3.9	**Thomas J Galligan Jr**
−72,105	20,019	NYSE	BNF	−8.02	none	2¼	Dallas, Tex	11.1	**Howard D Putnam**
372,000	66,472	NYSE	BMY	4.58	1.78	53⅛	New York, NY	35.4	**Richard L Gelb**
115,535	2,973	NASDAQ	BDVF	−6.41	0.01	4	Cleveland, Ohio	0.7	**John E Rupert**
75,944	25,172	ASE	BFD B	2.66	0.72	36⅛	Louisville, Ky	2.2	**W L Lyons Brown Jr**
74,506	10,857	NYSE	BG	5.05	1.50	28⅝	St Louis, Mo	25.5	**W L Hadley Griffin**
109,277	19,465	NYSE	BFI	2.47	0.84	32⅛	Houston, Tex	9.0	**Harry J Phillips**
120,287	20,307	NYSE	BC	3.01	0.90	18⅝	Skokie, Ill	25.5	**K Brooks Abernathy**
235,472	28,197	NYSE	BUR	4.10	1.52	24⅝	Greensboro, NC	64.5	**William A Klopman**
542,319	37,161	NYSE	BNI	7.02	1.54	53⅝	Seattle, Wash	58.6	**Richard M Bressler**
732,582	42,022	NYSE	BGH	3.58	2.60	34	Detroit, Mich	62.1	**W Michael Blumenthal**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
■	372	321	288	Cabot (Sept)	1,258,904	1,622,755	791,746	110,167
201	■	■	■	California First Bank (Dec)	4,061,795	487,719	106,272	16,287
■	■	155	290	Cameron Iron Works (June)	1,094,349	929,003	1,422,977	109,996
497	235	276	242	Campbell Soup (July)	1,722,876	2,797,663	922,698	129,717
■	454	■	■	Campbell Taggart (Dec)	514,753	1,257,514	333,478	41,684
■	■	268	394	Capital Cities Communications (Dec)	697,620	573,784	960,594	80,518
236	■	414	328	Capital Holding (Dec)	3,559,995	1,003,386	607,581	99,387
■	188	235	181	Carnation (Dec)	1,645,362	3,354,141	1,065,170	172,277
171	432	212	152	Carolina Power & Light (Dec)	4,715,835	1,343,558	1,136,815	203,597
495	226	■	■	Carter Hawley Hale Stores (Jan)	1,741,722	2,870,735	424,935	44,762
■	343	■	■	Castle & Cooke (June)	1,243,019	1,844,696	272,179	42,284
95	49	32	33	Caterpillar Tractor (Dec)	7,284,954	9,154,499	4,861,301	578,901
■	■	345	377	CBI Industries (Dec)	1,013,243	919,929	751,246	84,162
377	151	174	192	CBS (Dec)	2,425,599	4,027,025	1,323,752	163,811
234	■	■	■	CBT (Dec)	3,575,964	429,350	129,675	25,858
293	160	293	220	Celanese (Dec)	2,991,000	3,752,000	872,097	144,000
147	■	■	■	[3]Centerre Bancorporation (Dec)	5,334,777	620,244	191,650	34,946
■	■	■	467	Centex (Mar)	918,032	1,056,794	333,830	62,406
173	313	215	151	Central & South West (Dec)	4,643,244	2,055,318	1,131,368	204,495
373	■	■	■	Central Bancorporation (Dec)	2,433,113	279,733	91,630	18,432
386	■	■	■	Central Bancshares of the South (Dec)	2,348,130	287,302	66,890	7,250
427	■	■	■	Central Fidelity Banks (Dec)	2,115,175	248,363	89,583	15,930
■	■	■	472	Central Illinois Public Service (Dec)	1,431,090	529,391	338,932	61,849
■	466	348	371	Central Louisiana Energy (Dec)	641,391	1,207,835	744,150	86,705
■	326	■	■	Central Soya (Aug)	586,890	1,975,042	182,472	19,901
441	■	289	309	Central Telephone & Utilities (Dec)	2,036,342	1,020,376	885,332	104,522
290	■	■	■	Centran (Dec)	3,013,725	379,398	73,758	–22,160
■	■	■	475	Cessna Aircraft (Sept)	657,641	1,060,097	416,426	60,566
246	152	229	319	Champion International (Dec)	3,443,226	4,004,027	1,084,137	101,369
■	116	■	■	Charter (Dec)	1,541,326	4,921,700	175,435	7,717
4	39	118	54	Chase Manhattan (Dec)	77,839,338	10,650,794	1,782,670	412,150
10	91	291	149	Chemical New York (Dec)	44,916,933	5,657,550	882,638	205,166
■	393	223	277	Chesebrough-Pond's (Dec)	1,059,433	1,529,674	1,105,144	114,822
113	37	■	■	Chrysler (Dec)	6,270,000	10,821,600	246,824	–475,600
306	419	436	313	Chubb (Dec)	2,912,384	1,408,500	566,168	103,549
21	36	■	17	[5]CIGNA (Dec)	28,689,330	10,842,204	NA	961,799
362	■	451	316	Cincinnati Gas & Electric (Dec)	2,501,507	1,081,473	542,840	102,459
■	■	429	474	Cincinnati Milacron (Dec)	715,779	934,395	582,697	60,787
3	18	55	36	Citicorp (Dec)	119,232,000	18,275,000	3,163,522	531,000
124	54	45	■	Cities Service (Dec)	6,048,500	8,546,400	3,571,992	–49,200
164	■	■	■	Citizens & Southern Georgia (Dec)	4,914,519	591,987	257,948	43,544
402	■	■	■	Citizens Fidelity (Dec)	2,285,226	263,536	171,445	22,235
257	■	■	■	City Federal Savings & Loan Association (Dec)	3,347,025	328,665	28,444	–1,365
76	88	336	273	City Investing (Dec)	8,522,028	5,796,594	762,102	115,430
■	431	■	■	Clark Equipment (Dec)	1,036,186	1,359,663	343,629	29,940
249	■	313	200	Cleveland Electric Illuminating (Dec)	3,406,075	1,012,930	816,880	155,734
273	84	334	■	Coastal Corp (Dec)	3,182,916	5,909,702	767,036	–20,399
235	85	38	42	Coca-Cola (Dec)	3,564,781	5,889,035	4,295,899	481,782
342	104	164	145	Colgate-Palmolive (Dec)	2,630,827	5,261,364	1,372,596	208,399

■ Not on 500 list

[3] Formerly First Union Bancorporation.

[5] Pro forma results reflect the combination of Connecticut General and INA in March 1982. As a result, the market value of common stock at Dec. 31 is not available.

A Summary of the 500's Rankings

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
186,924	31,829	NYSE	CBT	3.50	0.89	24⅞	Boston, Mass	7.7	**Robert A Charpie**
30,836	6,912	NASDAQ	CFBK	2.68	1.08	15⅜	San Francisco, Cal	3.8	**Yasushi Sumiya**
148,568	30,438	NYSE	CIW	3.62	0.34	46¾	Houston, Tex	10.6	**Myron A Wright**
215,616	32,234	NYSE	CPB	4.00	2.10	28⅝	Camden, NJ	39.0	**R Gordon McGovern**
87,001	15,975	NYSE	CTI	2.50	0.87	20⅞	Dallas, Tex	22.8	**C B Lane**
108,208	13,025	NYSE	CCB	6.12	0.20	73¾	New York, NY	6.7	**Thomas S Murphy**
403,689	27,307	NYSE	CPH	3.58	1.20	22¼	Louisville, Ky	7.4	**Thomas C Simons**
219,392	36,730	NYSE	CMK	4.67	1.82	29	Los Angeles, Cal	22.1	**H Everett Olson**
438,796	56,139	NYSE	CPL	3.06	2.28	20¼	Raleigh, NC	6.9	**Sherwood H Smith Jr**
110,273	28,329	NYSE	CHH	1.55	1.21	15	Los Angeles, Cal	55.0	**Philip M Hawley**
101,415	26,554	NYSE	CKE	1.48	0.80	10¼	Honolulu, Haw	38.0	**Donald J Kirchhoff**
1,084,735	87,591	NYSE	CAT	6.64	2.40	55½	Peoria, Ill	83.5	**Lee L Morgan**
162,145	17,573	NYSE	CBH	4.73	1.55	42¾	Oak Brook, Ill	12.0	**William A Pogue**
250,990	27,942	NYSE	CBS	5.86	2.80	47⅜	New York, NY	34.2	**Thomas H Wyman**
44,013	5,460	NASDAQ	CBCT	4.77	1.42	23¾	Hartford, Conn	3.5	**Walter J Connolly Jr**
385,000	15,608	NYSE	CZ	9.01	3.85	55⅞	New York, NY	30.2	**John D Macomber**
57,106	7,666	NASDAQ	CTBC	4.61	1.70	25	St Lous, Mo	3.6	**Clarence C Barksdale**
102,634	13,221	NYSE	CTX	5.16	0.25	25¼	Dallas, Tex	6.4	**[4]Frank M Crossen**
448,060	81,540	NYSE	CSR	2.54	1.58	13⅞	Dallas, Tex	8.5	**Durwood Chalker**
30,708	5,236	NASDAQ	CBAN	3.52	1.95	17½	Cincinnati, Ohio	2.6	**Oliver W Birckhead**
23,779	6,689	NASDAQ	CBSS	1.08	0.80	10	Birmingham, Ala	2.1	**Harry B Brock Jr**
23,194	5,119	NASDAQ	CFBS	3.01	1.09	17½	Richmond, Va	2.7	**Carroll L Saine**
118,736	30,812	NYSE	CIP	1.73	1.43	11	Springfield, Ill	2.8	**Donald G Raymer**
141,043	21,727	NYSE	CEL	4.01	0.60	34¼	Lafayette, La	1.0	**Gale L Galloway**
51,205	15,206	NYSE	CSY	1.31	0.84	12	Fort Wayne, Ind	10.2	**Douglas G Fleming**
280,291	26,727	NYSE	CTU	3.89	2.10	33⅛	Chicago, Ill	13.5	**Robert P Reuss**
–4,846	3,882	NASDAQ	CENB	–5.71	1.48	19	Cleveland, Ohio	2.6	**Wilson M Brown Jr**
77,040	19,146	NYSE	CEA	3.19	0.70	21¾	Wichita, Kan	15.8	**Russell W Meyer**
309,059	54,893	NYSE	CHA	1.58	1.48	19¾	Stamford, Conn	40.6	**Andrew C Sigler**
99,041	21,592	NYSE	CHR	0.06	1.00	8⅛	Jacksonville, Fla	8.9	**Raymond K Mason**
632,890	33,089	NYSE	CMB	11.56	3.10	53⅞	New York, NY	33.8	**Willard C Butcher**
329,085	24,293	NYSE	CHL	8.28	2.50	36⅜	New York, NY	19.0	**Donald C Platten**
153,758	32,745	NYSE	CBM	3.52	1.52	33¾	Greenwich, Conn	21.0	**Ralph E Ward**
9,500	73,133	NYSE	C	–7.18	none	3⅜	Highland Park, Mich	87.8	**Lee A Iacocca**
180,011	12,308	NASDAQ	CHUB	8.41	2.68	46	New York, NY	7.7	**Henry U Harder**
1,868,779	74,000E	NYSE	CI	12.44	2.30	NA	New York, NY	40.1	**[6]Ralph S Saul**
136,875	34,466	NYSE	CIN	2.30	2.07	15¾	Cincinnati, Ohio	5.1	**William H Dickhoner**
81,570	22,629	NYSE	CMZ	2.68	0.72	25¾	Cincinnati, Ohio	13.6	**James A D Geier**
838,000	125,288	NYSE	FNC	4.20	1.53	25¼	New York, NY	56.0	**Walter B Wriston**
930,300	77,652	NYSE	CS	–0.60	1.60	46	Tulsa, Okla	19.6	**Charles J Waidelich**
68,293	29,907	NASDAQ	CSGA	1.46	0.42	8⅝	Atlanta, Ga	5.3	**Bennett A Brown**
37,344	8,068	NASDAQ	CFDY	2.86	0.89	21¼	Louisville, Ky	1.8	**J David Grissom**
139,822	3,034	NASDAQ	CTYF	–0.45	0.45	9⅜	Elizabeth, NJ	1.4	**Gilbert G Roessner**
482,571	33,499	NYSE	CNV	3.40	1.58	22¾	New York, NY	67.3	**George T Scharffenberger**
63,405	12,727	NYSE	CKL	2.35	2.20	27	Buchanan, Mich	16.4	**James R Rinehart**
237,930	51,055	NYSE	CVX	2.52	2.08	16	Cleveland, Ohio	5.1	**Robert M Ginn**
111,625	21,683	NYSE	CGP	–1.36	0.40	35⅜	Houston, Tex	7.1	**Oscar S Wyatt Jr**
705,780	123,623	NYSE	KO	3.90	2.32	34¾	Atlanta, Ga	39.6	**Roberto C Goizueta**
292,494	81,946	NYSE	CL	2.55	1.14	16¾	New York, NY	46.7	**Keith Crane**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

[4] Office jointly held with Paul R Seegers.

[6] Office jointly held with Robert D Kilpatrick.

E: Estimate.

NA: Not available.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
■	456	■	■	Colonial Penn Group (Dec)	1,006,136	1,254,498	241,860	–23,158
■	290	338	293	Colt Industries (Dec)	1,490,316	2,242,552	761,376	109,550
176	127	218	160	Columbia Gas System (Dec)	4,616,781	4,426,243	1,121,098	195,494
■	■	389	324	Combined International (Dec)	1,595,400	964,157	650,616	100,203
340	157	193	213	Combustion Engineering (Dec)	2,666,326	3,809,743	1,221,444	147,300
295	■	■	■	Commerce Bancshares (Dec)	2,963,683	341,756	132,673	10,454
■	■	469	■	Commerce Clearing House (Dec)	251,715	312,617	515,250	28,773
■	436	■	■	Commercial Metals (Aug)	240,826	1,336,634	66,645	11,245
56	161	73	47	Commonwealth Edison (Dec)	12,264,155	3,737,311	2,434,946	449,894
■	■	472	■	Communications Satellite (Dec)	599,323	333,979	508,000	28,269
■	■	287	■	Computervision (Dec)	231,796	270,706	887,120	31,763
■	425	■	■	ConAgra (May)	500,213	1,376,808	224,138	27,071
86	117	89	48	Consolidated Edison (Dec)	7,732,822	4,865,934	2,062,255	448,026
403	93	294	223	Consolidated Foods (June)	2,276,557	5,614,052	870,408	140,278
■	483	459	248	Consolidated Freightways (Dec)	828,338	1,143,722	527,760	127,008
314	243	253	203	Consolidated Natural Gas (Dec)	2,850,653	2,738,164	1,003,835	151,806
103	244	241	109	Consumers Power (Dec)	6,872,187	2,733,973	1,031,679	247,789
440	■	■	■	Continental Bank (Dec)	2,043,722	263,380	128,184	22,716
83	175	170	153	Continental Corp (Dec)	8,071,934	3,466,227	1,340,509	203,465
133	89	233	115	[2]Continental Group (Dec)	5,609,700	5,794,700	1,073,905	239,900
9	80	176	106	Continental Illinois (Dec)	46,971,755	6,286,622	1,311,816	254,623
238	378	242	221	Continental Telephone (Dec)	3,543,759	1,589,652	1,028,244	143,874
102	143	178	191	[2]Control Data (Dec)	6,904,900	4,162,600	1,306,436	167,300
387	228	81	91	Cooper Industries (Dec)	2,335,381	2,866,031	2,262,241	284,545
■	376	272	333	Corning Glass Works (Dec)	1,613,400	1,598,500	948,119	97,400
■	■	247	499	Cox Broadcasting (Dec)	604,372	403,497	1,019,592	55,490
369	133	129	135	CPC International (Dec)	2,462,044	4,343,116	1,695,835	218,361
■	373	■	■	Crane (Dec)	962,663	1,611,342	362,046	53,811
■	■	476	■	Cray Research (Dec)	137,320	101,642	498,627	18,170
30	250	448	466	Crocker National (Dec)	22,494,462	2,654,022	547,208	62,901
■	402	■	■	Crown Central Petroleum (Dec)	542,483	1,487,299	93,255	3,362
■	429	■	453	Crown Cork & Seal (Dec)	882,642	1,373,866	435,360	64,807
347	208	329	421	Crown Zellerbach (Dec)	2,614,100	3,148,300	778,766	75,300
194	333	270	172	Crum & Forster (Dec)	4,160,108	1,925,085	950,620	176,153
84	96	74	63	CSX (Dec)	8,066,900	5,432,200	2,407,348	367,700
■	■	■	470	Culbro (Dec)	206,368	363,445	64,060	62,042
367	■	■	■	Cullen/Frost Bankers (Dec)	2,467,414	311,596	165,435	18,916
■	328	■	327	Cummins Engine (Dec)	1,415,797	1,962,461	297,774	100,011
■	■	■	375	Curtiss-Wright (Dec)	293,871	194,929	198,206	85,308
454	246	238	271	Dana (Dec)	1,967,379	2,711,080	1,048,696	115,602
160	41	61	70	Dart & Kraft (Dec)	5,053,800	10,211,000	2,769,275	347,500
■	■	432	■	Data General (Sept)	718,597	736,872	574,211	40,810
■	■	248	■	Datapoint (July)	490,118	396,220	1,018,184	48,761
355	113	153	178	Dayton-Hudson (Jan)	2,555,000	4,942,859	1,440,000	173,420
469	■	500	348	Dayton Power & Light (Dec)	1,882,632	779,586	459,240	93,990
128	94	75	108	Deere (Oct)	5,683,877	5,446,720	2,396,712	250,994
■	■	■	482	Delmarva Power & Lt (Dec)	1,445,694	608,504	352,339	58,711
395	169	265	217	Delta Air Lines (June)	2,304,327	3,533,326	974,169	146,474
■	■	392	■	Deluxe Check Printers (Dec)	306,243	504,036	646,284	53,423

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
46,399	16,124	NYSE	CPG	–1.44	1.40	15	Philadelphia, Pa	3.7	**John J MacWilliams**
198,388	27,192	NYSE	COT	4.01	1.54	28	New York, NY	29.7	**George A Strichman**
562,203	34,898	NYSE	CG	5.50	2.70	32⅛	Wilmington, Del	11.8	**W Frederick Laird**
248,080	27,109	NYSE	PMA	3.70	1.65	24	Northbrook, Ill	3.7	**W Clement Stone**
265,816	33,012	NYSE	CSP	4.45	1.55	37	Stamford, Conn	46.5	**Arthur J Santry Jr**
21,515	4,781	NASDAQ	CBSH	2.17	1.68	27¾	Kansas City, Mo	3.2	**James M Kemper Jr**
36,022	9,000	NASDAQ	CCLR	3.20	1.19	57¼	Chicago, Ill	5.0	**Richard T Merrill**
18,000	4,443	ASE	CMC	2.53	0.44	15	Dallas, Tex	2.7	**Stanley A Rabin**
744,898	122,513	NYSE	CWE	3.06	2.65	19⅞	Chicago, Ill	17.0	**James J O'Connor**
148,811	8,000	NYSE	CQ	3.53	2.30	63½	Washington, DC	2.8	**Joseph V Charyk**
47,783	27,296	NYSE	CVN	1.16	none	32½	Bedford, Mass	3.4	**Martin Allen**
39,555	12,900	NYSE	CAG	2.21	0.78	17⅜	Omaha, Neb	9.5	**Charles M Harper**
808,994	63,454	NYSE	ED	6.44	2.96	32½	New York, NY	22.9	**Arthur Hauspurg**
274,570	27,632	NYSE	CFD	4.67	1.90	31½	Chicago, Ill	87.0	**John H Bryan Jr**
118,561	13,361	NYSE	CNF	9.56	1.49	39½	Palo Alto, Cal	17.2	**Raymond F O'Brien**
328,344	19,780	NYSE	CNG	7.44	3.52	50¾	Pittsburgh, Pa	7.5	**George J Tankersley**
424,021	60,244	NYSE	CMS	3.12	2.36	17⅛	Jackson, Mich	12.7	**John D Selby**
38,779	4,704	NASDAQ	CBTN	4.84	1.91	27¼	Norristown, Pa	1.6	**Roy T Peraino**
319,516	50,825	NYSE	CIC	3.99	2.40	26⅜	New York, NY	21.9	**John B Ricker Jr**
497,500	32,791	NYSE	CCC	6.54	2.50	32¾	Stamford, Conn	54.7	**S Bruce Smart Jr**
430,499	39,602	NYSE	CIL	6.44	1.85	33⅛	Chicago, Ill	12.5	**Roger E Anderson**
432,702	60,933	NYSE	CTC	2.34	1.47	16⅞	Atlanta, Ga	20.6	**Charles Wohlstetter**
431,800	37,062	NYSE	CDA	4.39	0.43	35¼	Minneapolis, Minn	58.8	**William C Norris**
370,509	43,927	NYSE	CBE	6.02	1.24	51½	Houston, Tex	39.2	**Robert Cizik**
151,300	18,277	NYSE	GLW	5.32	2.32	51⅞	Corning, NY	29.4	**Amory Houghton Jr**
116,872	28,322	NYSE	COX	2.04	0.25	36	Atlanta, Ga	5.5	**Clifford M Kirtland Jr**
289,700	47,770	NYSE	CPC	4.57	1.87	35½	Englewood Cliffs, NJ	39.4	**James W McKee Jr**
142,748	10,258	NYSE	CR	5.17	1.67	35⅝	New York, NY	17.4	**Thomas M Evans**
37,663	13,661	NYSE	CYR	1.32	none	36½	Minneapolis, Minn	0.9	**John A Rollwagen**
166,267	17,868	NYSE	CKN	4.02	2.35	30⅝	San Francisco, Cal	15.8	**Thomas R Wilcox**
85,953	6,217	ASE	CNP A	0.34	0.75	15	Baltimore, Md	1.6	**Henry A Rosenberg Jr**
106,707	14,512	NYSE	CCK	4.45	none	30	Philadelphia, Pa	14.7	**John F Connelly**
197,700	26,854	NYSE	ZB	2.47	2.30	29	San Francisco, Cal	29.5	**William T Creson**
270,054	28,483	NYSE	CMF	6.16	1.54	33⅜	New York, NY	9.8	**B P Russell**
806,400	41,506	NYSE	CSX	8.92	2.70	58	Richmond, Va	75.0	**Hays P Watkins**
98,463	3,203	NYSE	CUC	19.40	0.25	20	New York, NY	5.3	**Edgar M Cullman**
34,821	6,071	NASDAQ	CFBI	3.17	0.75	27¼	San Antonio, Tex	2.0	**Thomas C Frost**
185,843	8,388	NYSE	CUM	11.46	1.85	35½	Columbus, Ind	22.0	**Henry B Schacht**
87,649	4,805	NYSE	CW	17.99	1.00	41¼	Wood-Ridge, NJ	2.6	**T Roland Berner**
173,407	35,549	NYSE	DCN	3.25	1.60	29½	Toledo, Ohio	35.2	**Gerald B Mitchell**
645,200	54,567	NYSE	DKI	6.36	3.40	50¾	Northbrook, Ill	88.5	**John M Richman**
85,371	10,683	NYSE	DGN	3.85	none	53¾	Westboro, Mass	14.5	**Edson D deCastro**
80,734	19,867	NYSE	DPT	2.45	none	51¼	San Antonio, Tex	6.4	**Harold E O'Kelley**
287,000	48,000	NYSE	DH	3.62	1.03	30	Minneapolis, Minn	70.0	**William A Andres**
126,311	31,401	NYSE	DPL	2.51	1.82	14⅝	Dayton, Ohio	3.9	**Robert E Frazer**
390,493	67,513	NYSE	DE	3.79	1.95	35½	Moline, Ill	60.9	**William A Hewitt**
125,021	27,908	NYSE	DEW	1.78	1.52	1[illegible]¼	Wilmington, Del	2.6	**Nevius M Curtis**
400,954	39,762	NYSE	DAL	3.69	0.85	24½	Atlanta, Ga	37.4	**David C Garrett Jr**
77,688	22,979	NYSE	DLX	2.33	0.89	26⅛	St Paul, Minn	9.7	**Eugene R Olson**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
476	■	■	■	**Deposit Guaranty (Dec)**	1,851,707	217,787	91,029	14,349
107	314	230	120	**Detroit Edison (Dec)**	6,607,788	2,054,057	1,081,637	234,353
119	■	■	■	**DETROITBANK (Dec)**	6,154,170	695,710	176,219	30,348
■	444	444	■	**Diamond International (Dec)**	931,989	1,289,092	554,107	31,781
289	183	137	260	**Diamond Shamrock (Dec)**	3,015,884	3,376,215	1,594,210	121,265
243	204	34	72	**Digital Equipment (June)**	3,456,072	3,198,099	4,733,021	343,297
■	370	■	■	**Dillingham (Dec)**	835,330	1,627,205	203,586	27,201
■	260	■	■	**Dillon Companies (June)**	497,581	2,494,578	409,843	41,688
■	■	130	258	**Walt Disney Productions (Sept)**	1,610,009	1,005,040	1,695,199	121,480
327	■	■	■	**Dominion Bankshares (Dec)**	2,731,681	330,465	143,682	21,854
165	■	■	■	**Donaldson, Lufkin & Jenrette (Dec)**	4,868,026	579,438	157,824	13,225
■	457	364	405	**R R Donnelley & Sons (Dec)**	865,797	1,243,859	712,682	79,016
■	■	201	339	**Dover (Dec)**	561,557	1,025,521	1,181,235	96,118
53	31	30	35	**Dow Chemical (Dec)**	12,496,000	11,873,000	4,971,566	564,000
■	■	142	432	**Dow Jones (Dec)**	532,075	641,024	1,554,251	71,390
■	395	■	■	**Dravo (Dec)**	719,983	1,511,908	216,578	17,320
265	122	68	78	**Dresser Industries (Oct)**	3,273,300	4,614,500	2,612,353	316,600
25	16	13	14	**E I du Pont de Nemours (Dec)**	23,829,000	22,790,000	8,732,667	1,081,000
108	335	110	73	**Duke Power (Dec)**	6,531,044	1,908,454	1,824,962	336,251
■	439	123	259	**Dun & Bradstreet (Dec)**	905,694	1,331,035	1,763,874	121,474
339	■	419	296	**Duquesne Light (Dec)**	2,668,577	796,847	600,265	108,871
302	162	■	■	**Eastern Air Lines (Dec)**	2,934,519	3,727,093	145,806	–65,877
■	479	449	477	**Eastern Gas & Fuel Associates (Dec)**	1,221,693	1,157,453	547,107	60,116
70	40	9	12	**Eastman Kodak (Dec)**	9,438,663	10,337,000	11,557,813	1,239,000
388	206	295	386	**Eaton (Dec)**	2,332,857	3,165,319	870,251	82,368
■	354	281	409	**Jack Eckerd (July)**	643,935	1,752,550	911,113	78,510
■	■	440	■	**EG&G (Dec)**	225,349	704,161	559,992	34,119
222	154	196	214	**El Paso (Dec)**	3,711,207	3,909,023	1,205,443	147,257
■	■	■	495	**El Paso Electric (Dec)**	890,071	250,379	269,933	56,697
■	■	376	■	**Electronic Data Systems (June)**	254,679	448,611	687,034	37,816
412	178	59	94	**Emerson Electric (Sept)**	2,201,680	3,429,261	2,901,731	273,273
■	356	■	420	**Emhart (Dec)**	1,068,200	1,747,100	385,596	75,500
■	■	487	■	**Energy Reserves Group (Dec)**	357,047	173,599	488,530	–22,606
■	292	390	431	**Engelhard (Dec)**	705,280	2,191,792	650,167	71,602
334	186	169	158	**ENSERCH (Dec)**	2,689,924	3,362,474	1,345,270	196,959
350	473	■	■	**[2]Entex (June)**	2,580,749	1,186,905	275,028	42,858
292	■	■	■	**Equimark (Dec)**	2,992,816	349,170	23,247	–47,101
428	■	■	■	**Equitable Bancorporation (Dec)**	2,110,631	256,067	78,858	9,965
486	■	■	■	**Equitable of Iowa Cos(Dec)**	1,786,365	446,157	104,453	14,442
493	214	403	349	**Esmark (Oct)**	1,743,316	3,076,009	625,622	93,769
■	353	■	359	**Ethyl (Dec)**	1,261,954	1,757,195	449,532	90,891
■	403	■	■	**Evans Products (Dec)**	943,436	1,471,046	216,353	15,120
■	489	■	494	**Ex-Cell-O (Nov)**	721,167	1,124,494	336,789	56,810
5	1	3	2	**Exxon (Dec)**	62,931,055	108,107,688	27,136,500	5,567,481
■	434	■	458	**Fairchild Industries (Dec)**	902,440	1,338,905	157,965	64,318
■	422	■	■	**Farm House Foods (Mar)**	217,012	1,389,946	54,686	3,797
■	■	228	264	**Farmers Group (Dec)**	1,560,362	554,890	1,086,464	119,770
■	497	■	■	**Federal Co (May)**	317,756	1,099,893	175,125	20,121
■	■	189	479	**Federal Express (May)**	570,112	589,493	1,231,188	59,340

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

A Summary of the 500's Rankings

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
22,495	3,194	NASDAQ	DEPS	4.49	1.70	28½	Jackson, Miss	1.6	John P Maloney
404,185	95,089	NYSE	DTE	2.02	1.62	11⅝	Detroit, Mich	10.9	Walter J McCarthy Jr
26,053	8,102	NASDAQ	DBNK	3.75	2.00	21¾	Detroit, Mich	4.2	Donald R Mandich
76,168	13,724	NYSE	DN	2.04	2.20	40⅝	New York, NY	17.7	William J Koslo
462,899	62,826	NYSE	DIA	1.94	1.70	25⅝	Dallas, Tex	13.7	William H Bricker
456,096	54,717	NYSE	DEC	6.70	none	86½	Maynard, Mass	59.3	Kenneth H Olsen
58,178	15,365	NYSE	DHM	1.76	0.70	13¼	Honolulu, Haw	13.0	J Joseph Casey
73,456	18,317	NYSE	DLL	2.28	1.05	22⅝	Hutchinson, Kan	24.1	Ray E Dillon Jr
225,037	32,444	NYSE	DIS	3.72	1.00	52¼	Burbank, Cal	24.5	E Cardon Walker
33,393	8,708	NASDAQ	DMBK	2.52	0.96	16½	Roanoke, Va	3.0	Warner N Dalhouse
17,214	9,864	NYSE	DLJ	1.26	0.18	16	New York, NY	3.1	Richard H Jenrette
148,256	18,879	NYSE	DNY	4.20	1.28	37¾	Chicago, Ill	15.1	Charles W Lake Jr
122,106	35,795	NYSE	DOV	2.69	0.59	33	New York, NY	13.0	Gary L Roubos
1,484,000	189,393	NYSE	DOW	3.00	1.80	26¼	Midland, Mich	60.3	Paul F Oreffice
98,620	31,399	NYSE	DJ	2.28	0.92	49½	New York, NY	5.3	Warren H Phillips
52,214	12,930	NYSE	DRV	1.31	0.96	16⅝	Pittsburgh, Pa	13.9	Robert Dickey III
464,600	78,567	NYSE	DI	4.04	0.68	33¼	Dallas, Tex	54.9	John V James
2,724,000	234,434	NYSE	DD	5.81	2.75	37¼	Wilmington, Del	136.7	Edward G Jefferson
498,067	88,483	NYSE	DUK	3.19	2.08	20⅝	Charlotte, NC	19.8	William S Lee
155,302	27,998	NYSE	DNB	4.33	2.28	63	New York, NY	25.9	Harrington Drake
186,673	45,303	NYSE	DQU	2.06	1.83	13¼	Pittsburgh, Pa	4.5	John M Arthur
167,168	24,818	NYSE	EAL	–3.44	none	5⅞	Miami, Fla	38.9	Frank Borman
113,812	22,678	NYSE	EFU	2.65	1.07	24⅛	Boston, Mass	9.5	William J Pruyn
1,868,000	162,500	NYSE	EK	7.66	3.50	71⅛	Rochester, NY	133.0	Walter A Fallon
190,005	27,302	NYSE	ETN	3.01	1.72	31⅞	Cleveland, Ohio	49.6	E Mandell de Windt
104,317	37,379	NYSE	ECK	2.19	0.83	24⅝	Largo, Fla	26.5	Stewart Turley
43,853	28,354	NYSE	EGG	1.21	0.25	19⅝	Wellesley, Mass	17.5	Bernard J O'Keefe
433,073	48,460	NYSE	ELG	3.07	1.48	24⅞	Houston, Tex	8.3	Travis H Petty
68,153	25,110	NASDAQ	ELPA	2.23	1.25	10⅝	El Paso, Tex	1.0	Evern R Wall
44,095	28,186	NYSE	EDS	1.39	0.58	24⅝	Dallas, Tex	11.2	Morton H Meyerson
365,078	63,950	NYSE	EMR	4.26	1.82	45⅝	St Louis, Mo	55.2	Charles F Knight
110,000	12,003	NYSE	EMH	6.06	2.40	32⅛	Farmington, Conn	32.9	T Mitchell Ford
15,475	48,853	NASDAQ	ERGS	–0.46	none	10	Wichita, Kan	0.6	Richard W Volk
98,868	26,811	NYSE	EC	2.65	0.56	24¼	Edison, NJ	8.6	Irving D Isko
326,266	53,278	NYSE	ENS	3.55	1.36	25¼	Dallas, Tex	21.5	William C McCord
86,185	21,156	NYSE	ETX	2.03	0.94	13	Houston, Tex	5.0	Jackson C Hinds
12,525	4,536	NYSE	EQK	–11.10	0.72	5⅛	Pittsburgh, Pa	2.3	William E Bierer
22,944	4,358	NASDAQ	EBNC	2.29	0.70	18⅝	Baltimore, Md	2.7	H Grant Hathaway
60,312	6,236	NASDAQ	EQICB	2.09	1.26	16¾	Des Moines, Iowa	5.6	Kenneth R Austin
140,527	12,148	NYSE	ESM	7.04	1.56	51½	Chicago, Ill	29.4	Donald P Kelly
179,177	19,129	NYSE	EY	4.56	1.50	23½	Richmond, Va	15.2	Floyd D Gottwald Jr
–830	12,363	NYSE	EVY	0.83	1.60	17½	Portland, Ore	17.0	Monford A Orloff
86,518	15,052	NYSE	XLO	3.71	1.41	22⅝	Troy, Mich	16.3	E Paul Casey
10,428,443	868,368	NYSE	XON	6.44	3.00	31¼	New York, NY	180.0	Clifton C Garvin Jr
94,911	13,028	NYSE	FEN	3.48	0.80	12⅛	Germantown, Md	18.4	Edward G Uhl
15,471	7,409	NASDAQ	FHFC	0.50	none	7⅛	Milwaukee, Wisc	4.9	Richard Y Fisher
201,057	33,952	NASDAQ	FGRP	3.53	1.12	33	Los Angeles, Cal	11.4	Richard G Lindsley
44,881	8,193	NYSE	FFF	2.47	1.30	21⅝	Memphis, Tenn	12.5	R Lee Taylor II
106,490	19,699	NYSE	FDX	2.89	none	62⅛	Memphis, Tenn	8.1	Frederick W Smith

All share data adjusted for stock splits and stock dividends through May 10, 1982.

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The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
6	86	473	■	**Federal National Mortgage Assoc (Dec)**	62,095,903	5,861,711	502,427	−190,370
197	68	126	102	**Federated Department Stores (Jan)**	4,096,877	7,067,673	1,743,372	258,508
228	■	■	■	**Fidelcor (Dec)**	3,666,594	423,078	124,410	25,336
307	■	■	■	**Fidelity Financial (Dec)**	2,906,531	320,891	17,779	−56,940
282	■	■	■	**Fidelity Union Bancorp (Dec)**	3,059,385	340,128	95,174	17,523
219	■	■	■	**Financial Corp of America (Dec)**	3,757,352	387,968	151,271	21,032
436	■	■	■	**Financial Corp of Santa Barbara (Dec)**	2,056,818	193,278	26,521	−30,166
370	■	■	■	**Financial Federation (Dec)**	2,455,617	235,165	64,218	−32,024
344	■	■	■	**Financial General Bankshares (Dec)**	2,626,670	307,407	217,520	20,060
288	132	357	243	**Firestone Tire & Rubber (Oct)**	3,018,000	4,361,000	720,900	129,000
345	■	■	■	**First Alabama Bancshares (Dec)**	2,621,631	281,946	223,822	29,941
455	■	■	■	**First American (Dec)**	1,963,814	243,923	84,843	16,323
230	■	■	■	**First American Bank (Dec)**	3,644,926	315,898	69,063	14,441
356	■	■	■	**First & Merchants (Dec)**	2,550,867	303,791	97,859	19,380
240	■	■	■	**First Atlanta (Dec)**	3,483,758	427,188	185,578	33,116
46	350	458	337	**First Bank System (Dec)**	14,911,285	1,790,373	527,992	96,780
65	■	■	■	**First Boston (Dec)**	10,314,389	846,691	159,401	46,286
68	■	■	■	**First Charter Financial (Dec)**	9,750,034	1,003,800	353,982	−55,654
17	135	333	267	**First Chicago (Dec)**	33,562,442	4,325,881	768,325	118,709
49	381	263	244	**First City Bancorporation of Texas (Dec)**	14,291,097	1,579,874	976,507	128,961
466	■	■	■	**First Empire State (Dec)**	1,893,493	237,769	55,209	10,321
472	453	■	■	**First Executive (Dec)**	1,875,986	1,258,340	130,824	15,337
385	■	■	■	**First Florida Banks (Dec)**	2,354,737	244,188	141,403	19,321
424	■	■	■	**First Hawaiian (Dec)**	2,147,129	249,281	98,442	18,054
13	136	159	118	**First Interstate Bancorp (Dec)**	36,982,091	4,319,240	1,385,027	236,113
328	■	■	■	**First Kentucky National (Dec)**	2,726,637	292,489	141,785	21,108
304	■	■	■	**First Maryland Bancorp (Dec)**	2,919,505	354,534	107,520	23,622
305	■	■	■	**First National Bancorp (Dec)**	2,919,124	355,240	171,648	27,625
41	219	430	268	**First National Boston (Dec)**	16,809,052	2,947,544	580,143	118,616
405	■	■	■	**First National Charter (Dec)**	2,247,034	242,316	108,339	18,467
448	■	■	■	**First National Cincinnati (Dec)**	2,000,047	230,643	121,500	25,184
195	■	■	■	**First National State Bancorp (Dec)**	4,104,599	456,796	109,431	30,019
■	460	■	■	**First National Supermarkets (Mar)**	194,981	1,230,173	14,085	7,536
287	■	■	■	**First Oklahoma Bancorporation (Dec)**	3,022,927	331,732	242,306	23,714
150	■	■	■	**First Pennsylvania (Dec)**	5,257,234	717,628	49,934	−6,424
198	■	■	■	**First Security (Dec)**	4,161,330	493,736	249,874	40,745
274	■	■	■	**First Tennessee National (Dec)**	3,148,108	377,460	144,119	25,234
148	■	■	■	**First Union (Dec)**	5,296,955	594,780	235,624	28,442
372	■	■	■	**First United Bancorporation (Dec)**	2,440,327	300,643	168,746	23,308
499	■	■	■	**First Virginia Banks (Dec)**	1,712,899	200,173	94,815	17,918
170	■	■	■	**First Wisconsin (Dec)**	4,725,840	587,714	128,972	28,156
■	490	■	■	**Fischbach (Sept)**	436,373	1,118,865	129,744	22,222
■	400	■	■	**Fisher Foods (Dec)**	222,299	1,492,709	70,746	29,905
351	■	■	■	**Flagship Banks (Dec)**	2,575,165	293,476	156,825	22,895
■	180	■	■	**Fleming Cos (Dec)**	411,165	3,398,803	191,022	25,933
■	467	■	■	**Flickinger (July)**	142,216	1,197,770	55,832	9,080
■	■	491	■	**Flightsafety International (Dec)**	118,981	63,179	482,295	19,084
346	■	■	■	**Florida National Banks of Florida (Dec)**	2,616,473	277,929	185,600	13,701
352	449	434	315	**Florida Power (Dec)**	2,563,193	1,278,297	570,203	102,645

■ Not on 500 list.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
–218,281	59,109	NYSE	FNM	–3.22	0.40	8½	Washington, DC	1.1	**David O Maxwell**
454,190	48,427	NYSE	FDS	5.33	1.88	36	Cincinnati, Ohio	118.7	**Howard Goldfeder**
44,035	5,104	NASDAQ	FICR	5.01	0.69	24⅜	Philadelphia, Pa	3.0	**Raymond J Dempsey**
–76,243	6,773	NYSE	FDY	–8.40	none	2⅝	San Francisco, Cal	0.9	**Adolph C Meyer Jr**
31,682	3,788	NYSE	FDU	4.63	2.80	25⅛	Newark, NJ	3.5	**Peter Cartmell**
167,690	9,866	NYSE	FIN	2.37	0.51	15⅜	Los Angeles, Cal	0.9	**Charles W Knapp**
–25,144	4,330	NYSE	FSB	–6.98	none	6⅛	Santa Barbara, Cal	0.8	**David L Tilton**
–32,154	4,211	NYSE	FFI	–7.61	0.35	15¼	Culver City, Cal	0.6	**William L Popejoy**
32,873	7,281	ASE	FGL	2.75	0.40	29⅞	Washington, DC	3.5	**Robert G Stevens**
346,000	57,101	NYSE	FIR	2.22	0.60	12⅝	Akron, Ohio	78.9	**John J Nevin**
48,002	7,718	NASDAQ	FABC	4.99	1.49	29	Montgomery, Ala	2.9	**Frank A Plummer**
21,233	6,227	NASDAQ	FATN	2.53	0.85	13⅝	Nashville, Tenn	2.0	**Kenneth L Roberts**
25,206	4,250	NASDAQ	FABK	3.03	1.32	16¼	Kalamazoo, Mich	3.9	**James H Duncan**
28,602	6,470	NASDAQ	FMCH	2.90	0.91	15⅛	Richmond, Va	3.3	**C Coleman McGehee**
52,099	10,655	NYSE	FAC	3.14	0.73	17½	Atlanta, Ga	4.1	**Thomas R Williams**
176,639	15,194	NASDAQ	FBKS	6.38	2.44	34¾	Minneapolis, Minn	10.0	**George H Dixon**
42,476	4,522	NASDAQ	FBOS	8.35	2.27	35¼	New York, NY	1.6	**George L Shinn**
–57,117	29,809	NYSE	FCF	–1.87	0.80	11⅞	Beverly Hills, Cal	2.3	**S Mark Taper**
235,588	39,913	NYSE	FNB	2.98	1.20	19¼	Chicago, Ill	10.8	**Barry F Sullivan**
181,022	29,817	NYSE	FBT	4.22	1.06	32¾	Houston, Tex	7.0	**James A Elkins Jr**
14,034	2,868	NASDAQ	FEMP	3.60	0.38	19¼	Buffalo, NY	2.2	**Claude F Shuchter**
985,514	15,168	NASDAQ	FEXC	1.12	none	8⅝	Beverly Hills, Cal	0.3	**Fred Carr**
28,629	15,083	NASDAQ	FFBK	1.40	0.36	9⅜	Tampa, Fla	2.2	**Chester H Ferguson**
26,334	3,337	NASDAQ	FHWN	5.41	2.35	29½	Honolulu, Haw	2.1	**John D Bellinger**
399,252	38,742	NYSE	I	5.83	1.99	35¾	Los Angeles, Cal	31.2	**Joseph J Pinola**
36,448	3,966	NASDAQ	FKYN	5.32	2.18	35¾	Louisville, Ky	2.4	**A Stevens Miles**
35,704	5,376	NASDAQ	FMDB	4.55	1.32	20	Baltimore, Md	3.1	**J Owen Cole**
62,037	5,364	NASDAQ	FNTL	5.34	1.30	32	Denver, Colo	2.8	**Theodore D Brown**
177,965	19,073	NYSE	FB	6.25	1.67	30½	Boston, Mass	12.1	**Richard D Hill**
22,833	3,835	NASDAQ	FNCH	4.84	1.82	28¼	Kansas City, Mo	2.0	**Gordon E Wells**
34,126	4,500	NASDAQ	FNAC	5.60	2.31	27	Cincinnati, Ohio	1.6	**William N Liggett**
41,124	5,211	NYSE	FNS	5.66	2.10	21	Newark, NJ	3.5	**Robert R Ferguson Jr**
17,345	3,130	NASDAQ	FOOD	1.91	0.02	4½	Maple Heights, Ohio	14.3	**Richard J Bogomolny**
37,536	9,644	NASDAQ	FOKL	2.53	0.48	25⅛	Oklahoma City, Okla	1.3	**Charles A Vose Jr**
41,512	15,979	NYSE	FPA	–0.40	none	3⅛	Philadelphia, Pa	4.1	**George A Butler**
72,212	11,970	NASDAQ	FSCO	3.39	1.00	20⅞	Salt Lake City, Utah	4.5	**Spencer F Eccles**
40,369	9,298	NASDAQ	FTEN	2.73	0.90	15½	Memphis, Tenn	3.3	**Ronald A Terry**
45,542	9,921	NASDAQ	FUNC	3.04	1.08	23¾	Charlotte, NC	4.7	**C Clifford Cameron**
35,446	5,357	NASDAQ	FBFW	4.39	1.08	31½	Fort Worth, Tex	1.6	**Paul W Mason**
28,780	10,993	NYSE	FVB	1.60	0.55	8⅜	Falls Church, Va	2.9	**Thomas K Malone Jr**
45,933	4,246	NYSE	FWB	6.65	1.97	30⅜	Milwaukee, Wisc	4.2	**Hal C Kuehl**
33,667	3,392	NYSE	FIS	6.59	1.80	38¼	New York, NY	12.0	**Alfred R Manville**
56,714	5,442	NYSE	FHR	4.92	0.55	13	Bedford Heights, Ohio	5.0	**Carl Fazio**
33,267	7,252	NASDAQ	FLAG	2.92	1.00	21⅝	Miami, Fla	3.5	**Philip F Searle**
42,126	7,347	NYSE	FLM	3.55	1.18	26	Oklahoma City, Okla	9.0	**Richard D Harrison**
15,421	2,958	NASDAQ	FLIC	3.09	0.83	18⅞	Buffalo, NY	6.4	**Jerry D Medcalf**
29,479	14,615	NYSE	FSI	1.31	0.12	33	Flushing, NY	1.0	**Albert L Ueltschi**
25,334	7,499	NASDAQ	FNBF	1.83	0.80	24¾	Jacksonville, Fla	3.3	**George C Whitner Jr**
240,574	36,493	NYSE	FDP	2.46	1.68	15⅝	St Petersburg, Fla	4.4	**Andrew H Hines Jr**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
121	213	173	127	**Florida Power & Light (Dec)**	6,122,580	3,088,620	1,329,836	224,137
185	83	77	198	**Fluor (Oct)**	4,427,158	6,073,395	2,343,660	159,238
326	185	308	225	**FMC (Dec)**	2,738,862	3,366,744	835,016	139,526
28	7	90	■	**Ford Motor (Dec)**	23,012,400	38,247,100	2,015,561	–1,060,100
■	145	426	439	**Foremost-McKesson (Mar)**	1,275,087	4,132,585	586,273	69,255
■	■	226	382	**Fort Howard Paper (Dec)**	580,715	471,261	1,090,463	83,050
■	365	474	459	**Foster Wheeler (Dec)**	959,286	1,674,074	501,667	64,302
■	■	131	197	**Freeport-McMoran (Dec)**	1,480,313	835,404	1,655,111	159,366
■	296	■	■	**Fruehauf (Dec)**	1,556,765	2,175,119	228,659	21,357
■	430	101	179	**Gannett (Dec)**	1,448,108	1,367,171	1,916,251	172,506
311	470	■	440	**GATX (Dec)**	2,880,166	1,190,699	3[illegible]242	68,649
■	■	441	355	**GEICO (Dec)**	1,362,009	727,453	5[illegible],996	91,588
418	■	■	■	**Gelco (July)**	2,183,180	851,743	239,477	50,900
■	■	279	■	**General American Oil Co of Texas (June)**	524,077	315,532	914,[illegible]33	52,100
389	110	175	254	**General Dynamics (Dec)**	2,326,800	5,063,400	1,313,519	124,100
32	13	7	11	**General Electric (Dec)**	20,942,000	27,240,000	13,067,787	1,652,000
276	75	139	104	**General Foods (Mar)**	3,129,842	6,601,255	1,560,815	255,366
■	■	166	361	**General Instrument (Feb)**	772,215	957,059	1,364,006	90,029
396	118	115	159	**General Mills (May)**	2,301,300	4,852,400	1,7[illegible],589	196,600
12	3	8	75	**General Motors (Dec)**	38,919,700	62,698,500	11,689,640	333,400
159	309	■	■	**General Public Utilities (Dec)**	5,054,021	2,065,487	413,532	20,544
192	415	125	170	**General Re (Dec)**	4,168,300	1,423,100	1,760,350	177,500
■	361	234	270	**General Signal (Dec)**	1,222,840	1,702,455	1,070,762	117,132
31	35	27	24	**General Telephone & Electronics (Dec)**	21,113,299	11,026,296	5,302,400	722,004
478	295	477	286	**General Tire & Rubber (Nov)**	1,844,431	2,175,215	[illegible]513	110,854
■	379	297	414	**Genuine Parts (Dec)**	585,282	1,584,642	[illegible]7,719	77,543
158	98	94	194	**Georgia-Pacific (Dec)**	5,060,000	5,414,000	1,991,107	160,000
■	■	408	483	**Geosource (Sept)**	532,789	729,185	616,256	58,551
69	30	28	19	**Getty Oil (Dec)**	9,536,356	12,887,360	5,297,570	856,865
■	364	■	■	**Giant Food (Feb)**	392,246	1,683,881	95,901	16,769
168	■	■	■	**Gibraltar Financial Corp of Calif (Dec)**	4,771,371	484,634	59,368	–54,188
239	■	■	■	**Gibraltar Savings Association (Sept)**	3,519,832	357,357	92,274	9,095
492	277	250	253	**Gillette (Dec)**	1,759,016	2,334,397	1,015,166	124,291
167	■	■	■	**Girard (Dec)**	4,782,485	553,860	164,169	38,567
■	■	369	401	**Global Marine (Dec)**	936,800	352,400	703,772	79,800
136	■	■	■	**Golden West Financial (Dec)**	5,541,347	624,084	161,327	–19,157
332	205	■	356	**B F Goodrich (Dec)**	2,702,878	3,184,600	393,046	91,415
144	50	165	112	**Goodyear Tire & Rubber (Dec)**	5,354,259	9,152,905	1,369,349	243,895
■	342	320	340	**Gould (Dec)**	1,597,300	1,852,200	795,563	95,700
161	76	83	64	**W R Grace (Dec)**	5,021,500	6,520,817	2,182,229	361,300
■	■	460	497	**W W Grainger (Dec)**	471,924	867,343	527,398	56,265
■	72	■	■	**Great Atlantic & Pacific Tea (Feb)**	1,308,983	6,989,529	144,898	–43,049
■	399	424	346	**Great Northern Nekoosa (Dec)**	1,307,593	1,493,030	595,2[illegible]7	94,951
63	476	■	■	**Great Western Financial (Dec)**	10,646,435	1,173,973	327,8[illegible]	–28,159
215	107	371	232	**²Greyhound (Dec)**	3,811,588	5,143,304	698,6[illegible]8	135,079
■	334	■	■	**Grumman (Dec)**	1,073,320	1,915,529	287,990	20,486
52	61	202	87	**²Gulf & Western Industries (July)**	12,558,100	7,378,757	1,169,575	291,210
33	10	17	13	**Gulf Oil (Dec)**	20,429,000	28,252,000	6,554,245	1,231,000
258	464	359	206	**Gulf States Utilities (Dec)**	3,343,419	1,221,714	719,328	150,931

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981						Corporate headquarters	Number of employees (000)	Chief executive
	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)			
528,486	45,271	NYSE	FPL	4.25	2.96	29⅜	Miami, Fla	11.6	**Marshall McDonald**
272,477	78,122	NYSE	FLR	2.83	0.80	30	Irvine, Cal	35.7	**J Robert Fluor**
471,705	32,586	NYSE	FMC	4.15	1.60	25⅝	Chicago, Ill	39.0	**Robert H Malott**
1,585,400	120,332	NYSE	F	–8.81	1.20	16¾	Dearborn, Mich	404.8	**Philip Caldwell**
104,900	15,953	NYSE	FOR	4.33	2.12	36¾	San Francisco, Cal	17.1	**Thomas E Drohan**
124,407	26,925	NYSE	FHP	3.08	0.88	40½	Green Bay, Wisc	3.8	**Paul J Schierl**
72,717	34,302	NYSE	FWC	1.87	0.41	14⅝	Livingston, NJ	16.7	**Louis E Azzato**
373,734	69,324	NYSE	FTX	2.30	0.59	23⅞	New York, NY	5.2	**Paul W Douglas**
95,698	12,277	NYSE	FTR	1.74	2.40	18⅝	Detroit, Mich	28.1	**Robert D Rowan**
251,648	53,045	NYSE	GCI	3.17	1.52	36⅛	Rochester, NY	25.0	**Allen H Neuharth**
247,151	12,303	NYSE	GMT	5.26	2.40	30½	Chicago, Ill	10.2	**James J Glasser**
116,212	20,144	NYSE	GEC	4.42	0.48	27¾	Washington, DC	4.4	**John J Byrne**
243,227	11,826	NYSE	GEL	4.67	1.12	20¼	Eden Prairie, Minn	7.9	**N Bud Grossman**
157,338	24,709	NYSE	GAO	2.11	0.43	37	Dallas, Tex	1.7	**William P Barnes**
335,900	53,613	NYSE	GD	2.25	0.72	24½	St Louis, Mo	81.8	**David S Lewis**
2,632,000	227,761	NYSE	GE	7.26	3.10	57⅜	Fairfield, Conn	404.0	**John F Welch Jr**
359,652	49,443	NYSE	GF	5.14	2.20	31¾	White Plains, NY	53.0	**James L Ferguson**
140,000E	30,825	NYSE	GRL	3.01	0.36	44¼	New York, NY	26.6	**Frank G Hickey**
317,800	49,884	NYSE	GIS	3.90	1.56	35⅞	Minneapolis, Minn	68.6	**H Brewster Atwater Jr**
4,593,600	303,627	NYSE	GM	1.07	2.40	38½	Detroit, Mich	740.9	**Roger B Smith**
201,229	61,264	NYSE	GPU	0.33	none	6¾	Parsippany, NJ	11.8	**William G Kuhns**
420,000	21,800	NYSE	GRN	8.13	1.76	80¾	Greenwich, Conn	2.1	**Harold J Hudson Jr**
148,151	27,722	NYSE	GSX	4.23	1.48	38⅝	Stamford, Conn	26.3	**Nathan R Owen**
2,337,536	165,700	NYSE	GTE	4.32	2.75	32	Stamford, Conn	202.5	**Theodore F Brophy**
111,537	23,556	NYSE	GY	4.51	1.47	21⅛	Akron, Ohio	37.5	**Michael G O'Neil**
89,614	27,767	NYSE	GPC	2.80	1.12	31¼	Atlanta, Ga	11.6	**Wilton D Looney**
555,000	98,937	NYSE	GP	1.51	1.20	20⅛	Portland, Ore	44.0	**Robert E Flowerree**
104,921	14,290	NYSE	GSE	4.06	0.52	43⅛	Houston, Tex	8.9	**John D Platt**
2,040,575	81,974	NYSE	GET	10.42	2.30	64⅝	Los Angeles, Cal	18.2	**Sidney R Petersen**
43,854	4,918	ASE	GFS A	3.41	1.18	19½	Washington, DC	14.3	**Israel Cohen**
187,447	13,969	NYSE	GFC	–3.88	none	4¼	Beverly Hills, Cal	1.2	**Herbert J Young**
2,577	7,098	NASDAQ	CSTX	1.27	none	13	Houston, Tex	0.6	**E Michael Lallinger**
218,415	30,079	NYSE	GS	4.11	2.00	33¾	Boston, Mass	33.2	**Colman M Mockler Jr**
57,625	5,661	NASDAQ	GIRA	6.92	2.18	29	Bala Cynwyd, Pa	3.7	**William B Eagleson Jr**
165,500	30,766	NYSE	GLM	2.61	0.15	22⅞	Los Angeles, Cal	2.4	**C Russell Luigs**
–8,762	20,486	NYSE	GDW	–0.93	0.30	7⅞	Oakland, Cal	1.3	**[7]Herbert M Sandler**
226,744	17,665	NYSE	GR	4.62	1.56	22¼	Akron, Ohio	37.0	**John D Ong**
476,811	72,071	NYSE	GT	3.36	1.30	19	Akron, Ohio	138.0	**Charles J Pilliod Jr**
158,500	35,163	NYSE	GLD	2.68	1.72	22⅝	Rolling Meadows, Ill	28.0	**William T Ylvisaker**
632,700	47,699	NYSE	GRA	7.58	2.45	45¾	New York, NY	90.4	**J Peter Grace**
75,396	14,206	NYSE	GWW	3.95	1.06	37⅛	Skokie, Ill	5.8	**David W Grainger**
26,934	37,393	NYSE	GAP	–1.35	none	3⅞	Montvale, NJ	61.5	**James Wood**
183,839	16,198	NYSE	GNN	5.85	1.85	36¾	Stamford, Conn	12.1	**Robert Hellendale**
–17,757	22,610	NYSE	GWF	–1.24	0.88	14½	Beverly Hills, Cal	2.3	**James F Montgomery**
341,161	45,076	NYSE	G	2.99	1.20	15½	Phoenix, Ariz	50.2	**John W Teets**
67,281	10,378	NYSE	GQ	1.45	1.40	27¾	Bethpage, NY	28.2	**John C Bierwirth**
457,865	73,674	NYSE	GW	3.75	0.75	15⅞	New York, NY	122.0	**Charles G Bluhdorn**
2,885,000	185,279	NYSE	GO	6.37	2.65	35⅜	Pittsburgh, Pa	58.7	**James E Lee**
214,161	60,575	NYSE	GSU	2.24	1.48	11⅞	Beaumont, Tex	4.4	**Paul W Murrill**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

[7] Office jointly held with Marion O Sandler.

E: Estimate

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
284	■	489	364	Gulf United (Dec)	3,043,833	1,041,943	486,185	88,990
134	55	22	26	Halliburton (Dec)	5,579,595	8,508,133	6,147,518	674,268
■	420	■	■	Hammermill Paper (Dec)	842,347	1,399,694	217,338	46,638
92	■	■	■	Harris Bankcorp (Dec)	7,488,029	939,291	185,231	29,853
■	385	182	311	Harris Corp (June)	1,313,804	1,551,514	1,286,678	103,958
■	478	■	473	Harsco (Dec)	701,799	1,158,354	385,086	61,534
317	■	■	■	Hartford National (Dec)	2,825,698	282,118	63,858	16,449
433	168	177	190	H J Heinz (Apr)	2,073,704	3,568,889	1,310,512	167,454
116	■	■	■	Walter E Heller International (Dec)	6,256,699	943,081	229,537	10,480
■	■	274	422	Helmerich & Payne (Sept)	546,420	287,564	936,464	75,259
449	245	267	230	Hercules (Dec)	1,997,144	2,718,366	961,879	136,481
■	404	438	395	Hershey Foods (Dec)	806,800	1,451,151	564,084	80,362
■	377	349	366	Heublein (June)	1,120,939	1,591,408	736,032	88,379
323	167	33	81	Hewlett-Packard (Oct)	2,758,000	3,578,000	4,860,918	312,000
■	■	251	280	Hilton Hotels (Dec)	816,470	585,223	1,012,890	112,623
483	351	302	228	Holiday Inns (Dec)	1,815,365	1,765,110	853,160	137,358
■	■	402	■	Homestake Mining (Dec)	351,932	235,581	625,926	28,822
188	101	136	103	Honeywell (Dec)	4,330,800	5,351,200	1,619,283	256,300
■	410	■	■	George A Hormel (Oct)	425,065	1,433,966	175,328	27,283
298	310	116	285	Hospital Corp of America (Dec)	2,958,156	2,063,637	1,788,227	111,131
462	■	■	■	Hospital Trust (Dec)	1,925,367	231,806	60,360	12,137
77	63	361	222	Household International (Dec)	8,396,600	7,280,000	716,643	142,200
153	212	172	137	Houston Industries (Dec)	5,230,773	3,095,331	1,339,419	216,355
411	222	119	116	Houston Natural Gas (July)	2,202,212	2,906,310	1,781,736	238,719
439	352	82	105	Hughes Tool (Dec)	2,044,933	1,759,105	2,208,320	255,208
■	433	180	351	Humana (Aug)	1,502,232	1,342,906	1,302,658	93,177
270	■	■	■	Huntington Bancshares (Dec)	3,195,065	373,199	136,026	26,381
132	407	380	408	E F Hutton Group (Dec)	5,637,885	1,444,008	678,044	78,812
220	141	465	234	IC Industries (Dec)	3,741,500	4,194,500	521,220	134,400
329	■	310	247	Illinois Power (Dec)	2,722,495	964,292	826,815	127,413
155	■	■	■	Imperial Corp of America (Dec)	5,169,203	877,247	166,803	–37,754
354	■	■	■	Indiana National (Dec)	2,558,038	307,454	107,260	20,162
190	■	■	■	Industrial National (Dec)	4,223,448	507,623	162,728	32,750
498	■	■	■	Industrial Valley Bank & Trust (Dec)	1,717,981	225,639	54,366	8,678
■	■	468	■	Inexco Oil (Dec)	785,112	238,738	517,650	31,921
337	182	225	162	Ingersoll-Rand (Dec)	2,678,075	3,377,564	1,100,394	193,338
310	159	482	492	Inland Steel (Dec)	2,891,055	3,754,941	491,062	57,255
■	■	257	■	Intel (Dec)	871,517	788,676	984,735	27,359
■	248	382	269	Interco (Feb)	1,538,950	2,673,769	670,619	118,615
40	308	188	215	[8]InterFirst (Dec)	17,318,000	2,069,900	1,234,530	146,700
19	9	2	3	International Business Machines (Dec)	29,586,000	29,070,000	33,686,721	3,308,000
■	■	362	447	International Flavors & Fragrances (Dec)	430,890	451,088	713,213	66,123
145	69	■	■	International Harvester (Oct)	5,346,122	7,040,920	232,966	–393,128
453	323	301	202	International Minerals & Chemical (June)	1,975,214	1,984,900	854,150	153,787
135	111	99	37	International Paper (Dec)	5,544,300	4,983,400	1,940,678	525,000
20	15	42	29	[2]International Tel & Tel (Dec)	28,975,186	23,196,824	3,873,450	652,041
216	163	161	113	InterNorth (Dec)	3,809,885	3,655,401	1,380,438	243,101
38	271	■	335	Irving Bank (Dec)	18,227,220	2,389,737	444,634	97,012
■	286	■	468	IU International (Dec)	1,440,534	2,275,640	278,314	62,292

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

[8] Formerly First International Bancshares.

A Summary of the 500's Rankings

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
210,705	26,824	NYSE	GHC	2.99	1.28	18⅛	Jacksonville, Fla	3.8	**E Grant Fitts**
963,647	117,938	NYSE	HAL	5.72	1.30	52⅛	Dallas, Tex	112.1	**John P Harbin**
97,665	7,832	NYSE	HML	5.57	1.72	27¾	Erie, Pa	12.4	**Albert F Duval**
45,544	6,586	NYSE	HBC	4.38	2[illegible]	28⅛	Chicago, Ill	3.8	**Charles M Bliss**
196,013	31,287	NYSE	HRS	3.37	0.8[illegible]	41⅛	Melbourne, Fla	25.0	**Joseph A Boyd**
110,091	19,748	NYSE	HSC	3.15	1.08	19½	Camp Hill, Pa	15.8	**Jeffrey J Burdge**
21,490	2,936	NASDAQ	HNAT	5.67	1.70	21¾	Hartford, Conn	2.6	**Robert L Newell**
242,715	46,804	NYSE	HNZ	3.63	1.31	28	Pittsburgh, Pa	43.5	**Anthony J F O'Reilly**
147,921	11,924	NYSE	HLR	0.85	1.30	19¼	Chicago, Ill	4.9	**Franklin A Cole**
108,434	25,482	NYSE	HP	2.95	0.24	36¾	Tulsa, Okla	1.6	**Walter H Helmerich III**
276,996	42,514	NYSE	HPC	3.09	1.26	22⅝	Wilmington, Del	22.9	**Alexander F Giacco**
118,725	15,669	NYSE	HSY	5.61	1.75	36	Hershey, Pa	12.4	**William E C Dearden**
130,906	21.648	NYSE	HBL	4.09	1.82	34	Farmington, Conn	27.8	**Hicks B Waldron**
485,000	122,673	NYSE	HWP	2.55	0.22	39⅝	Palo Alto, Cal	60.5	**John A Young**
141,427	26,655	NYSE	HLT	4.22	1.65	38	Beverly Hills, Cal	32.0	**Barron Hilton**
291,762	30,470	NYSE	HIA	3.66	0.73	28	Memphis, Tenn	45.2	**Michael D Rose**
46,137	17,032	NYSE	HM	1.69	1.30	36¾	San Francisco, Cal	2.6	**Harry M Conger**
591,200	23,174	NYSE	HON	11.25	3.20	69⅞	Minneapolis, Minn	97.1	**Edson W Spencer**
46,710	9,607	ASE	HRL	2.84	0.92	18¼	Austin, Minn	7.8	**Richard L Knowlton**
247,930	52,211	NYSE	HCA	2.23	0.32	34¼	Nashville, Tenn	60.5	**Donald S MacNaughton**
21,503	2,012	NASDAQ	HTCO	6.06	2.27	30	Providence, RI	1.8	**Henry S Woodbridge Jr**
387,300	46,993	NYSE	HFC	2.66	1.61	15¼	Prospect Heights, Ill	87.5	**Gilbert R Ellis**
463,694	73,899	NYSE	HOU	3.14	1.99	18⅛	Houston, Tex	9.2	**Don D Jordan**
365,652	40,039	NYSE	HNG	5.94	1.45	44½	Houston, Tex	11.9	**M D Matthews**
358,014	55,036	NYSE	HT	4.60	0.65	40⅛	Houston, Tex	17.3	**James R Lesch**
177,226	55,829	NYSE	HUM	1.55	0.40	23⅜	Louisville, Ky	39.8	**David A Jones**
42,022	5,038	NASDAQ	HBAN	5.24	1.37	27	Columbus, Ohio	3.0	**Frank Wobst**
151,612	17,275	NYSE	EFH	4.31	0.76	39¼	New York, NY	11.0	**Robert M Fomon**
330,700	14,892	NYSE	ICX	6.65	2.10	35	Chicago, Ill	58.5	**William B Johnson**
170,320	40,088	NYSE	IPC	2.84	2.38	20⅝	Decatur, Ill	4.0	**Wendell J Kelley**
–44,334	14,196	NYSE	ICA	–2.66	0.60	11¾	San Diego, Cal	1.7	**G Kenneth Handley**
36,077	4,960	NASDAQ	INAT	4.07	1.10	21⅝	Indianapolis, Ind	2.2	**Thomas M Miller**
51,260	6,055	NYSE	INB	5.30	1.76	26⅞	Providence, RI	3.5	**John J Cummings Jr**
16,757	2,788	NASDAQ	IBKT	2.99	2.20	19½	Jenkintown, Pa	1.9	**Joseph A Gallagher**
128,849	24,360	NYSE	INX	1.32	0.12	21¼	Houston, Tex	0.8	**Erving Wolf**
280,805	19,476	NYSE	IR	9.71	3.40	56½	Woodcliff Lake, NJ	47.4	**Thomas A Holmes**
238,048	21,008	NYSE	IAD	2.69	2.00	23⅜	Chicago, Ill	35.1	**Frederick G Jaicks**
115,021	43,766	NASDAQ	INTC	0.61	none	22½	Santa Clara, Cal	16.4	**Gordon E Moore**
163,984	14,193	NYSE	ISS	7.24	2.82	47¼	St Louis, Mo	55.0	**John K Riedy**
220,000	45,936	NYSE	IFC	3.21	1.05	26⅞	Dallas, Tex	7.1	**Elvis L Mason**
7,703,000	592,294	NYSE	IBM	5.63	3.44	56⅞	Armonk, NY	348.1	**John R Opel**
78,337	36,575	NYSE	IFF	1.81	0.94	19½	New York, NY	3.6	**Henry G Walter Jr**
–587,670	32,697	NYSE	HR	–12.90	0.30	7⅛	Chicago, Ill	76.4	**Archie R McCardell**
334,449	26,383	NYSE	IGL	5.63	2.53	32⅜	Northbrook, Ill	10.6	**Richard A Lenon**
703,800	49,602	NYSE	IP	10.08	2.40	39⅛	New York, NY	41.0	**Edwin A Gee**
2,358,340	130,200	NYSE	ITT	4.41	2.60	29¾	New York, NY	336.0	**Rand V Araskog**
539,441	44,174	NYSE	INI	5.43	1.96	31¼	Omaha, Neb	10.8	**Sam F Segnar**
167,039	8,697	NYSE	V	11.02	3.04	51⅛	New York, NY	9.5	**Gordon T Wallis**
127,816	20,241	NYSE	IU	2.77	1.10	13¾	Wilmington, Del	35.0	**John Gilray Christy**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
286	■	445	326	Jefferson-Pilot (Dec)	3,027,909	887,282	554,089	100,020
■	109	■	317	Jewel Companies (Jan)	1,379,871	5,107,614	439,956	101,670
232	305	■	■	[2]Jim Walter (Aug)	3,618,916	2,121,462	320,094	19,069
214	100	15	44	Johnson & Johnson (Dec)	3,820,400	5,399,000	6,944,677	467,600
■	488	■	■	Johnson Controls (Sept)	792,040	1,128,386	321,024	48,132
■	498	377	369	Joy Manufacturing (Sept)	842,811	1,095,257	686,175	87,780
106	20	98	133	K mart (Jan)	6,673,004	16,527,012	1,952,622	220,251
213	203	388	237	Kaiser Aluminum & Chemical (Dec)	3,835,900	3,225,500	656,848	132,900
■	■	464	461	Kaneb Services (Dec)	866,826	629,757	523,256	63,853
■	■	■	403	Kansas City Power & Light (Dec)	1,617,781	471,711	302,786	79,146
■	■	■	448	Kansas Gas & Electric (Dec)	1,300,495	313,093	290,167	65,975
■	283	127	148	Kellogg (Dec)	1,279,100	2,321,300	1,719,720	205,400
218	307	■	400	Kemper (Dec)	3,789,361	2,076,144	437,245	80,028
248	156	100	143	Kerr-McGee (Dec)	3,414,904	3,826,420	1,938,380	211,117
363	■	■	■	Key Banks (Dec)	2,500,250	273,608	100,143	20,590
471	230	■	330	Kidde (Dec)	1,876,911	2,849,170	451,701	99,213
378	225	152	150	Kimberly-Clark (Dec)	2,413,800	2,885,700	1,448,473	204,700
■	458	264	323	Knight-Ridder Newspapers (Dec)	984,738	1,237,093	974,292	100,353
■	317	494	■	Koppers (Dec)	1,328,173	2,018,562	473,535	51,642
379	34	351	245	Kroger (Dec)	2,405,290	11,266,520	727,818	128,045
■	392	493	418	Lear Siegler (June)	864,641	1,530,699	475,194	76,067
■	229	217	180	Levi Strauss (Nov)	1,604,674	2,851,245	1,124,253	172,298
■	461	■	■	Libbey-Owens-Ford (Dec)	892,986	1,226,514	257,959	11,834
404	■	■	■	Liberty National (Dec)	2,266,441	256,888	122,170	14,240
336	■	480	436	Liberty National Insurance Holding (Dec)	2,683,333	585,212	493,290	69,639
308	236	39	60	Eli Lilly (Dec)	2,902,262	2,773,205	4,254,880	374,478
237	■	■	■	Lincoln First Banks (Dec)	3,545,914	436,789	73,625	17,950
72	217	304	238	Lincoln National (Dec)	9,047,291	3,002,684	850,484	132,735
225	114	80	82	Litton Industries (July)	3,687,606	4,942,835	2,276,986	311,566
429	106	437	■	Lockheed (Dec)	2,104,800	5,175,800	564,600	–311,600
67	130	219	98	Loews (Dec)	9,914,071	4,410,679	1,117,662	264,348
■	■	■	498	Lone Star Industries (Dec)	1,178,192	917,602	308,875	56,103
179	368	207	110	Long Island Lighting (Dec)	4,508,152	1,664,832	1,149,365	247,732
■	455	221	219	Louisiana Land & Exploration (Dec)	1,549,300	1,254,749	1,115,780	145,229
■	■	422	■	Louisiana-Pacific (Dec)	1,210,930	1,023,050	597,550	26,280
187	58	323	56	LTV (Dec)	4,332,700	7,510,700	789,095	405,000
■	■	271	354	Lubrizol (Dec)	673,165	899,161	948,718	92,031
■	66	387	341	Lucky Stores (Jan)	1,524,444	7,201,404	658,941	95,452
■	■	259	■	M /A-Com (Sept)	517,730	514,668	981,872	40,275
■	249	296	265	R H Macy (July)	1,479,467	2,656,689	869,995	119,632
■	302	■	■	Malone & Hyde (June)	405,156	2,146,587	189,150	18,386
7	59	191	107	Manufacturers Hanover (Dec)	59,108,519	7,476,116	1,230,416	252,117
154	■	■	■	Manufacturers National (Dec)	5,224,631	626,917	89,513	6,442
399	293	■	476	Manville (Dec)	2,297,814	2,186,005	349,964	60,320
■	294	307	336	MAPCO (Dec)	1,612,754	2,179,034	839,626	96,889
444	■	■	■	Marine (Dec)	2,030,947	235,777	45,427	11,580
36	262	■	390	Marine Midland Banks (Dec)	18,682,474	2,486,847	435,640	81,279
■	320	273	373	Marriott (Dec)	1,454,876	2,000,314	938,454	86,136
■	■	194	261	Marsh & McLennan Companies (Dec)	993,269	846,844	1,221,264	120,081

■ Not on 500 list.

[2]Figures include unconsolidated subsidiaries.

A Summary of the 500's Rankings

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
162,398	21,518	NYSE	JP	4.60	1.49	25¾	Greensboro, NC	6.0	**W Roger Soles**
153,933	11,616	NYSE	JWL	8.03	2.16	37⅞	Chicago, Ill	37.1	**Weston R Christopherson**
75,361	16,521	NYSE	JWC	1.09	1.68	19⅜	Tampa, Fl	23.5	**James W Walter**
723,000	187,062	NYSE	JNJ	2.51	0.85	37⅛	New Brunswick, NJ	77.1	**James E Burke**
75,554	13,103	NYSE	JCI	3.43	1.33	24½	Milwaukee, Wisc	19.3	**Fred L Brengel**
124,063	19,605	NYSE	JOY	4.48	1.37	35	Pittsburgh, Pa	13.7	**James W Wilcock**
460,000E	123,976	NYSE	KM	1.75	0.95	15¾	Troy, Mich	268.0	**Bernard M Fauber**
210,500	43,072	NYSE	KLU	3.08	1.40	15¼	Oakland, Cal	26.3	**Cornell C Maier**
106,577	23,650	NYSE	KAB	2.65	0.93	22⅛	Houston, Tex	5.8	**James R Whatley**
107,282	13,763	NYSE	KLT	4.83	2.83	22	Kansas City, Mc	2.9	**Arthur J Doyle**
49,029	19,507	NYSE	KGE	2.85	2.06	14⅞	Wichita, Kan	1.6	**Wilson K Cadman**
264,900	76,432	NYSE	K	2.69	1.43	22½	Battle Creek, Mich	20.3	**William E LaMothe**
696,593	13,351	NASDAQ	KEMC	6.09	1.60	32¾	Long Grove, Ill	13.0	**Joseph E Luecke**
524,767	51,863	NYSE	KMG	4.07	0.98	37⅜	Oklahoma City, Okla	11.2	**Dean A McGee**
29,884	7,418	NASDAQ	KEYB	2.78	1.24	13½	Albany, NY	2.9	**Victor J Riley Jr**
153,570	19,428	NYSE	KDE	4.87	1.03	23¼	Clifton, NJ	51.5	**Fred R Sullivan**
308,300	22,030	NYSE	KMB	9.12	3.50	65¾	Neenah, Wisc	31.3	**Darwin E Smith**
147,454	32,208	NYSE	KRN	3.09	0.83	30¼	Miami, Fla	19.0	**Alvah H Chapman Jr**
151,910	27,855	NYSE	KOP	1.58	1.40	17	Pittsburgh, Pa	20.1	**Fletcher L Byrom**
255,317	27,993	NYSE	KR	4.51	1.57	26	Cincinnati, Ohio	126.0	**Lyle Everingham**
101,220	16,386	NYSE	LSI	4.71	1.36	29	Santa Monica, Cal	24.0	**Robert T Campion**
218,896	41,257	NYSE	LVI	4.15	1.54	27¼	San Francisco, Cal	48.0	**Robert T Grohman**
61,935	11,095	NYSE	LOF	0.63	1.20	23¼	Toledo, Ohio	17.6	**Don T McKone**
21,790	5,144	NASDAQ	LIBN	3.45	0.97	23¾	Oklahoma City, Okla	1.1	**John W McLean**
242,202	18,792	NYSE	LNH	3.71	1.40	26¼	Birmingham, Ala	5.7	**Frank P Samford Jr**
482,476	75,980	NYSE	LLY	4.93	2.30	56	Indianapolis, Ind	28.4	**Richard D Wood**
31,416	3,309	NASDAQ	LFBK	4.84	2.00	22¼	Rochester, NY	3.3	**Alexander D Hargrave**
790,860	20,935	NYSE	LNC	6.12	3.00	40⅝	Fort Wayne, Ind	13.6	**Ian M Rolland**
480,824	40,390	NYSE	LIT	7.61	1.27	56⅝	Beverly Hills, Cal	77.0	**Fred W O'Green**
–6,200	12,077	NYSE	LK	–19.43	none	46¾	Burbank, Cal	73.0	**Roy A Anderson**
516,133	12,558	NYSE	LTR	20.66	1.20	89	New York, NY	28.8	**Laurence A Tisch**
108,426	11,181	NYSE	LCE	4.52	1.85	27⅝	Greenwich, Conn	9.7	**James E Stewart**
227,450	81,371	NYSE	LIL	2.55	1.90	14⅛	Mineola, NY	5.7	**Charles R Pierce**
451,862	37,984	NYSE	LLX	3.82	1.80	29⅜	New Orleans, La	3.1	**John G Phillips**
73,960	31,766	NYSE	LPX	0.83	0.75	18⅞	Portland, Ore	14.8	**Harry A Merlo**
612,000	48,189	NYSE	LTV	8.38	none	16⅝	Dallas, Tex	53.5	**W Paul Thayer**
131,195	39,946	NYSE	LZ	2.36	1.08	23¾	Wickliffe, Ohio	4.2	**Lester E Coleman**
218,320	50,205	NYSE	LKS	1.88	1.12	13⅛	Dublin, Cal	66.0	**S Donley Ritchey**
60,405	38,886	NYSE	MAI	1.05	0.12	25¼	Burlington, Mass	7.5	**Dr Lawrence Gould**
169,517	32,830	NYSE	MZ	3.68	0.85	26½	New York, NY	45.5	**Edward S Finkelstein**
34,338	7,760	NYSE	MHI	2.33	1.31	24⅜	Memphis, Tenn	11.3	**Joseph R Hyde III**
379,722	34,538	NYSE	MHC	7.48	2.72	35⅝	New York, NY	25.6	**John F McGillicuddy**
14,970	5,115	NASDAQ	MNTL	1.26	2.20	17½	Detroit, Mich	3.9	**Dean E Richardson**
127,670	23,527	NYSE	MAN	1.53	1.92	14⅞	Denver, Colo	27.0	**John A McKinney**
194,389	27,642	NYSE	MDA	3.51	1.80	30⅜	Tulsa, Okla	6.2	**Willis H Thompson Jr**
17,396	1,883	NASDAQ	MCRP	5.60	1.90	24⅛	Milwaukee, Wisc	2.2	**George R Slater**
172,310	19,149	NYSE	MM	4.24	1.01	22¾	Buffalo, NY	10.6	**Edward W Duffy**
186,641	26,159	NYSE	MHS	3.21	0.24	35⅞	Bethesda, Md	74.6	**J Willard Marriott Jr**
130,578	37,008	NYSE	MMC	3.27	2.00	33	New York, NY	19.1	**John M Regan Jr**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

E: Estimate.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
343	■	■	■	Marshall & Ilsley (Dec)	2,627,649	301,534	86,460	20,229
■	469	■	■	Marshall Field (Jan)	680,758	1,193,961	154,028	22,603
357	197	179	155	Martin Marietta (Dec)	2,545,870	3,294,087	1,305,072	200,072
180	■	■	■	Maryland National (Dec)	4,500,650	516,709	167,187	37,813
■	■	275	368	Masco (Dec)	940,013	876,530	931,475	88,320
■	484	■	■	Mattel (Jan)	647,434	1,134,252	181,841	39,102
381	179	353	249	May Department Stores (Jan)	2,387,583	3,413,204	726,100	126,203
358	405	258	362	[2]MCA (Dec)	2,542,729	1,451,027	984,601	89,788
212	166	156	304	McDermott (Mar)	3,899,980	3,599,643	1,409,002	106,697
309	263	66	97	McDonald's (Dec)	2,899,322	2,477,229	2,629,775	264,834
186	60	210	171	McDonnell Douglas (Dec)	4,364,154	7,384,956	1,145,792	176,644
489	269	417	378	McGraw-Edison (Dec)	1,761,400	2,428,500	600,732	84,100
■	493	183	332	McGraw-Hill (Dec)	879,387	1,110,125	1,286,660	98,117
■	■	134	■	MCI Communications (Mar)	466,892	234,204	1,627,818	18,742
415	223	415	303	Mead (Dec)	2,193,299	2,899,722	604,348	106,874
■	■	416	■	Medtronic (Apr)	313,197	313,560	601,567	41,872
37	289	356	272	Mellon National (Dec)	18,447,860	2,246,374	722,211	115,511
■	240	262	231	Melville (Dec)	1,134,254	2,760,842	978,103	136,133
156	■	■	■	Mercantile Bancorporation (Dec)	5,137,847	574,692	158,112	42,420
■	452	■	487	Mercantile Stores (Jan)	711,370	1,269,491	329,439	57,895
104	■	454	464	Mercantile Texas (Dec)	6,870,165	832,658	533,725	62,974
477	■	■	■	Merchants National (Dec)	1,849,164	266,866	38,464	562
261	220	20	57	Merck (Dec)	3,310,000	2,929,455	6,273,110	398,265
39	150	185	154	Merrill Lynch (Dec)	17,682,251	4,038,182	1,281,772	202,874
434	■	167	276	Mesa Petroleum (Dec)	2,069,355	366,464	1,360,928	115,049
■	■	398	478	Metromedia (Dec)	675,251	461,781	635,360	59,699
118	■	■	■	Michigan National (Dec)	6,228,956	758,622	211,480	37,866
360	233	316	299	Midcon (Sept)	2,515,118	2,809,482	808,555	108,747
78	237	140	92	Middle South Utilities (Dec)	8,318,556	2,771,788	1,562,811	281,483
200	■	■	■	Midlantic Banks (Dec)	4,076,873	424,289	99,563	31,826
142	77	19	27	Minnesota Mining & Manufacturing (Dec)	5,422,410	6,507,695	6,401,952	673,322
285	256	186	161	Missouri Pacific (Dec)	3,037,772	2,523,770	1,276,002	194,287
■	■	252	275	Mitchell Energy & Development (Jan)	1,699,833	1,064,844	1,012,078	115,217
14	2	11	4	Mobil (Dec)	34,776,000	64,488,000	10,263,837	2,433,000
122	73	62	50	Monsanto (Dec)	6,069,200	6,947,700	2,767,694	445,100
■	■	■	469	Montana Power (Dec)	1,200,057	490,239	351,696	62,046
445	■	■	■	[9]Moore Financial Group (Dec)	2,016,555	234,219	144,478	20,289
8	74	87	69	J P Morgan (Dec)	53,521,905	6,778,420	2,095,283	347,652
■	311	■	■	Morrison-Knudsen (Dec)	787,053	2,058,331	255,071	37,104
■	■	498	■	Morton-Norwich (June)	696,511	957,584	462,769	53,010
380	191	111	174	Motorola (Dec)	2,399,399	3,335,868	1,822,937	174,990
322	266	211	193	Murphy Oil (Dec)	2,776,881	2,446,823	1,137,412	163,006
247	87	97	96	Nabisco Brands (Dec)	3,429,200	5,819,200	1,963,925	266,300
■	■	256	391	Nalco Chemical (Dec)	466,175	666,591	993,895	81,209
■	390	■	■	National Can (Dec)	771,172	1,533,960	195,033	24,678
423	■	■	■	National Central Financial (Dec)	2,165,954	273,536	90,540	17,251
143	■	■	■	National City (Dec)	5,387,906	620,202	236,888	40,010
500	360	332	229	National Distillers & Chemical (Dec)	1,706,290	1,703,177	770,804	136,700
■	■	319	■	National Medical Enterprises (May)	867,497	892,407	797,513	51,799

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

[9] Formerly Idaho First National Bank.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
30,388	4,323	NASDAQ	MRIS	4.65	1.69	20	Milwaukee, Wisc	2.6	John A Puelicher
52,534	10,809	NYSE	MF	1.86	1.24	14¼	Chicago, Ill	18.7	Angelo R Arena
464,651	36,252	NYSE	ML	5.39	1.80	36	Bethesda, Md	37.9	J Donald Rauth
64,939	7,269	NASDAQ	MDNT	4.92	1.08	23	Baltimore, Md	4.7	Robert D H Harvey
120,034	25,175	NYSE	MAS	3.46	0.72	37	Taylor, Mich	9.7	Richard A Manoogian
60,298	16,531	NYSE	MAT	1.68	0.30	11	Hawthorne, Cal	16.3	Arthur S Spear
223,316	29,0[illegible]4	NYSE	MA	4.31	1.66	25	St Louis, Mo	67.0	David C Farrell
177,658	23,797	NYSE	MCA	3.77	1.50	41⅜	Universal City, Cal	17.5	Lew R Wasserman
288,792	37,079	NYSE	MDE	2.08	1.55	38	New Orleans, La	58.5	James E Cunningham
447,442	40,226	NYSE	MCD	6.54	0.95	65⅜	Oak Brook, Ill	126.9	Fred L Turner
315,500	38,514	NYSE	MD	4.44	1.02	29¾	St Louis, Mo	78.4	Sanford N McDonnell
153,500	16,687	NYSE	MGR	5.11	1.80	36	Rolling Meadows, Ill	35.3	Edward J Williams
126,417	24,863	NYSE	MHP	3.94	1.68	51¾	New York, NY	14.2	Harold W McGraw Jr
51,988	47,877	NASDAQ	MCIC	0.18	none	34	Washington, DC	1.7	William G McGowan
195,900	26,276	NYSE	MEA	4.00	1.93	23	Dayton, Ohio	24.4	Burnell R Roberts
58,126	15,676	NYSE	MDT	2.70	0.52	38⅜	Minneapolis, Minn	4.6	Dale R Olseth
202,074	19,652	NYSE	MEL	5.88	2.09	36¾	Pittsburgh, Pa	7.2	J David Barnes
206,609	25,910	NYSE	MES	5.26	1.80	37¾	Harrison, NY	53.9	Francis C Rooney Jr
60,109	5,856	NASDAQ	MTRC	7.21	2.48	27	St Louis, Mo	3.4	Donald E Lasater
88,334	5,896	NYSE	MST	9.82	1.69	55⅞	New York, NY	18.5	Leon F Winbigler
92,961	17,717	NYSE	MTD	3.67	1.00	30⅛	Dallas, Tex	4.1	Gene H Bishop
19,405	2,167	NASDAQ	MCHN	0.26	1.40	17¾	Indianapolis, Ind	1.6	Otto N Frenzel III
545,432	74,019	NYSE	MRK	5.36	2.60	84¾	Rahway, NJ	32.0	John J Horan
277,630	38,695	NYSE	MER	5.14	1.20	33⅛	New York, NY	34.1	Roger E Birk
276,897	66,794	NYSE	MSA	1.54	0.12	20⅜	Amarillo, Tex	0.8	Thomas B Pickens Jr
83,669	3,971	NYSE	MET	14.38	4.00	160	Secaucus, NJ	3.7	John W Kluge
84,279	10,574	NASDAQ	MNCO	3.51	1.14	20	Bloomfield Hills, Mich	7.1	Stanford C Stoddard
326,840	29,402	NYSE	MCN	3.74	2.08	27½	Chicago, Ill	4.5	Orval C Davis
177,285	123,787	NYSE	MSU	2.44	1.62	12⅝	New Orleans, La	12.8	Floyd W Lewis
48,240	4,425	NASDAQ	MIDL	6.48	1.70	22½	Edison, NJ	3.6	Robert Van Buren
993,715	117,467	NYSE	MMM	5.74	3.00	54½	St Paul, Minn	89.2	Lewis W Lehr
410,186	15,561	NYSE	MIS	12.49	3.65	82	St Louis, Mo	21.7	Downing B Jenks
623,681	47,909	ASE	MND	2.41	0.22	21⅛	The Woodlands, Tex	3.5	George P Mitchell
4,333,000	425,444	NYSE	MOB	5.72	2.00	24⅛	New York, NY	209.6	Rawleigh Warner Jr
806,100	39,468	NYSE	MTC	11.50	3.75	70⅛	St Louis, Mo	59.6	John W Hanley
102,636	13,792	NYSE	MTP	4.04	2.27	25½	Butte, Mont	2.5	Joseph A McElwain
25,820	6,148	NASDAQ	MFGI	3.30	1.07	23½	Boise, Ida	2.2	Thomas C Frye
453,000	38,982	NYSE	JPM	8.44	3.10	53¾	New York, NY	11.7	Lewis T Preston
61,851	9,717	NYSE	MRN	3.66	1.06	26¼	Boise, Ida	27.5	William H McMurren
84,922	13,561	NYSE	MNP	3.90	1.52	34½	Chicago, Ill	10.8	Charles S Locke
357,380	31,566	NYSE	MOT	5.56	1.60	57¾	Schaumburg, Ill	73.9	Robert W Galvin
578,676	36,989	NYSE	MUR	4.39	0.75	30¾	El Dorado, Ark	4.7	Charles H Murphy Jr
368,200	63,098	NYSE	NB	4.21	1.85	31⅛	New York, NY	60.0	Robert M Schaeberle
98,625	19,779	NYSE	NLC	4.04	2.00	50¼	Oak Brook, Ill	4.5	Orell T Collins
65,362	9,178	NYSE	NAC	2.38	0.97	21¼	Chicago, Ill	12.0	Frank W Considine
25,762	4,527	NASDAQ	NCFC	3.81	1.52	20	Lancaster, Pa	1.7	Wilson D McElhinny
56,857	7,831	NASDAQ	NCTY	5.11	2.75	30¼	Cleveland, Ohio	3.4	Julien L McCall
180,150	32,285	NYSE	DR	3.97	2.20	23⅞	New York, NY	13.0	Drummond C Bell
87,900	45,900	NYSE	NME	1.24	0.36	17⅜	Los Angeles, Cal	26.8	Richard K Eamer

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
■	494	■	■	**National Semiconductor (May)**	753,742	1,110,053	439,837	52,426
66	123	■	374	**[2]National Steel (Dec)**	10,107,878	4,562,272	433,663	86,084
245	■	■	■	**Nationwide (Dec)**	3,447,100	686,272	321,375	35,380
348	388	187	121	**Natomas Company (Dec)**	2,611,475	1,537,492	1,245,624	232,527
57	424	■	451	**NBD Bancorp (Dec)**	12,144,873	1,380,299	294,336	65,173
87	■	■	■	**NCNB (Dec)**	7,724,381	978,758	324,974	55,008
255	176	206	146	**NCR (Dec)**	3,386,534	3,432,701	1,160,818	208,234
400	446	439	358	**New England Electric System (Dec)**	2,292,085	1,282,101	563,236	90,983
182	■	■	■	**New England Merchants (Dec)**	4,442,563	601,281	151,317	33,707
426	■	484	302	**New York State Electric & Gas (Dec)**	2,128,298	767,539	489,375	107,801
■	■	492	■	**New York Times (Dec)**	598,865	845,212	481,173	49,970
460	■	205	392	**Newmont Mining (Dec)**	1,932,826	903,096	1,165,583	81,037
191	300	239	131	**Niagara Mohawk Power (Dec)**	4,175,932	2,150,718	1,039,166	220,643
366	306	354	256	**NICOR (Dec)**	2,482,295	2,115,100	722,769	123,254
■	■	452	■	**A C Nielsen (Aug)**	403,266	578,676	540,251	35,999
■	■	478	■	**NIKE (May)**	230,289	457,742	495,251	25,955
398	265	65	79	**NL Industries (Dec)**	2,298,470	2,463,828	2,641,586	315,983
175	■	324	252	**NLT (Dec)**	4,619,095	823,164	788,265	124,471
■	■	346	396	**Noble Affiliates (Dec)**	636,185	380,196	745,878	80,281
271	347	122	88	**Norfolk & Western Railway System (Dec)**	3,191,510	1,801,655	1,699,684	291,063
353	■	■	■	**[10]Norstar Bancorp (Dec)**	2,561,756	248,261	168,392	31,114
475	216	455	310	**North American Philips (Dec)**	1,854,088	3,030,044	533,559	103,974
209	369	358	343	**Northeast Utilities (Dec)**	3,950,597	1,655,057	720,893	95,118
459	■	■	■	**Northern California Savings & Loan (Dec)**	1,933,775	208,020	38,535	–15,408
300	384	442	399	**Northern Indiana Public Service (Dec)**	2,943,151	1,556,255	556,677	80,146
313	447	366	246	**Northern States Power (Dec)**	2,860,076	1,280,889	707,683	127,553
117	■	■	■	**Northern Trust (Dec)**	6,237,616	848,938	177,870	35,155
■	321	328	■	**Northrop (Dec)**	1,257,400	1,990,700	781,592	47,900
■	341	428	■	**Northwest Airlines (Dec)**	1,492,381	1,854,290	584,847	10,460
44	337	400	325	**Northwest Bancorporation (Dec)**	15,141,380	1,903,937	628,900	100,128
■	421	■	434	**Northwest Energy (Dec)**	1,537,952	1,398,809	339,052	70,141
364	210	117	53	**Northwest Industries (Dec)**	2,489,800	3,121,600	1,783,210	419,300
450	■	■	■	**Northwestern Financial (Dec)**	1,996,741	246,780	75,387	11,052
■	438	363	344	**Norton (Dec)**	1,018,968	1,334,626	712,856	95,049
382	209	413	312	**Norton Simon (June)**	2,382,485	3,144,176	608,974	103,655
■	■	463	■	**Oak Industries (Dec)**	609,319	507,119	523,998	30,350
82	25	79	23	**Occidental Petroleum (Dec)**	8,074,543	14,707,543	2,284,248	722,216
■	282	■	452	**Ogden (Dec)**	1,646,216	2,324,289	351,355	65,079
■	■	483	413	**Ohio Casualty (Dec)**	1,464,505	884,844	489,728	77,744
181	448	278	166	**Ohio Edison (Dec)**	4,456,130	1,279,649	914,609	183,020
482	■	486	404	**Oklahoma Gas & Electric (Dec)**	1,819,898	826,117	488,810	79,045
407	■	■	■	**Old Kent Financial (Dec)**	2,237,060	270,824	85,445	20,353
465	■	■	■	**Old Stone (Dec)**	1,902,875	206,922	42,294	–14,697
■	319	435	353	**Olin (Dec)**	1,618,034	2,001,346	567,144	92,836
■	■	■	365	**Overseas Shipholding Group (Dec)**	1,154,158	362,817	419,494	88,472
■	273	374	■	**Owens-Corning Fiberglas (Dec)**	1,601,929	2,375,059	689,715	49,849
280	153	298	201	**Owens-Illinois (Dec)**	3,072,241	3,977,900	867,598	154,144
■	358	384	376	**PACCAR (Dec)**	848,014	1,735,426	667,731	85,113
55	82	63	34	**Pacific Gas & Electric (Dec)**	12,366,659	6,194,575	2,720,592	564,606

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

[10] Formerly United Bank Corp of New York.

A Summary of the 500's Rankings

	Share data: 1981								
Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
147,162	22,998	NYSE	NSM	2.37	none	19⅛	Santa Clara, Cal	38.0	**Charles E Sporck**
286,092	18,753	NYSE	NS	4.59	2.00	23⅛	Pittsburgh, Pa	33.0	**Howard M Love**
315,562	10,284	NASDAQ	NWDCA	3.44	0.70	31¼	Columbus, Ohio	2.0	**John E Fisher**
526,665	51,901	NYSE	NOM	4.29	1.20	24	San Francisco, Cal	4.8	**Dorman L Commons**
105,505	12,264	NYSE	NBD	5.31	2.02	24	Detroit, Mich	6.6	**Robert M Surdam**
82,174	21,847	NYSE	NCB	2.66	0.82	14⅞	Charlotte, NC	4.9	**Thomas I Storrs**
659,108	26,609	NYSE	NCR	7.72	2.15	43⅝	Dayton, Ohio	66.5	**William S Anderson**
180,988	22,757	NYSE	NES	4.05	2.58	24¾	Westborough, Mass	5.2	**Guy W Nichols**
57,653	4,386	NASDAQ	NEBK	7.51	2.10	34½	Boston, Mass	3.8	**Roderick M MacDougall**
155,872	32,625	NYSE	NGE	2.95	1.94	15	Binghamton, NY	4.3	**Charles F Kennedy**
82,477	12,498	ASE	NYT A	4.03	1.05	38½	New York, NY	7.2	**Arthur O Sulzberger**
152,153	27,028	NYSE	NEM	3.06	2.55	43⅛	New York, NY	12.5	**Plato Malozemoff**
308,450	83,973	NYSE	NMK	2.35	1.61	12⅜	Syracuse, NY	9.8	**John G Haehl Jr**
322,416	21,656	NYSE	GAS	5.51	2.80	33⅜	Naperville, Ill	5.2	**Clarence J Gauthier**
61,168	11,226	NASDAQ	NIELA	3.21	1.02	48⅛	Northbrook, Ill	19.9	**Arthur C Nielsen Jr**
29,860	17,531	NASDAQ	NIKEB	1.52	none	28¼	Beaverton, Ore	2.5	**Philip H Knight**
459,388	66,455	NYSE	NL	4.69	0.83	39¾	New York, NY	20.9	**Theodore C Rogers**
317,295	34,649	NYSE	NLT	3.59	1.32	22¾	Nashville, Tenn	13.4	**Walter M Robinson Jr**
167,291	44,530	NYSE	NBL	1.81	0.10	16¾	Ardmore, Okla	2.0	**Roy Butler**
473,630	32,765	NYSE	NFK	8.94	2.60	51⅞	Roanoke, Va	22.1	**Robert B Claytor**
37,950	6,944	NYSE	NOR	4.55	1.95	24¼	Albany, NY	2.6	**Peter D Kiernan**
192,567	13,681	NYSE	NPH	7.67	1.70	39	New York, NY	46.2	**Cees Bruynes**
257,183	79,002	NYSE	NU	1.29	1.18	9⅛	Berlin, Conn	7.9	**Lelan F Sillin Jr**
−13,100	5,138	NYSE	NCX	−3.00	0.18	7½	Palo Alto, Cal	0.8	**Firmin A Gryp**
215,009	50,607	NYSE	NI	1.37	1.50	11	Hammond, Ind	6.4	**Edmund A Schroer**
293,189	29,334	NYSE	NSP	3.89	2.49	24⅛	Minneapolis, Minn	7.3	**Donald W McCarthy**
56,536	4,840	NASDAQ	NTRS	7.31	2.44	36¾	Chicago, Ill	3.8	**Philip W K Sweet Jr**
142,400	14,923	NYSE	NOC	3.31	1.80	52⅜	Los Angeles, Cal	30.8	**Thomas V Jones**
139,863	21,661	NYSE	NWA	0.48	0.80	27	St Paul, Minn	12.9	**M Joseph Lapensky**
161,256	26,480	NYSE	NOB	3.85	1.60	23¾	Minneapolis, Minn	12.5	**John W Morrison**
123,784	16,242	NYSE	NWP	3.83	1.15	20⅞	Salt Lake City, Utah	2.2	**John G McMillian**
523,900	24,940	NYSE	NWT	14.20	2.48	71½	Chicago, Ill	41.0	**Ben W Heineman**
23,907	5,111	NASDAQ	NWFN	2.35	0.68	14¾	Wilkesboro, NC	3.0	**Ben T Craig**
113,445	16,530	NYSE	NRT	5.57	1.85	43⅛	Worcester, Mass	24.9	**Donald R Melville**
153,195	31,635	NYSE	NSI	2.26	1.08	19¼	New York, NY	39.0	**David J Mahoney**
77,284	16,248	NYSE	OAK	2.23	0.24	32¼	Rancho Bernardo, Cal	12.5	**Everitt A Carter**
1,069,398	95,177	NYSE	OXY	7.77	2.35	24	Los Angeles, Cal	41.3	**Armand Hammer**
159,111	13,449	NYSE	OG	4.86	1.70	26⅛	New York, NY	31.0	**Ralph E Ablon**
120,007	11,695	NASDAQ	OCAS	6.65	2.04	41⅞	Hamilton, Ohio	5.4	**John G Sloneker**
272,756	78,676	NYSE	OEC	2.10	1.76	11⅝	Akron, Ohio	7.6	**Justin T Rogers Jr**
186,755	34,606	NYSE	OGE	2.05	1.68	14⅛	Oklahoma City, Okla	3.6	**James G Harlow Jr**
24,721	7,430	NASDAQ	OKEN	2.74	0.96	11½	Grand Rapids, Mich	2.1	**John C Canepa**
−13,792	2,014	NASDAQ	OSTN	−8.56	1.92	21	Providence, RI	1.1	**Theodore W Barnes**
225,014	23,631	NYSE	OLN	3.88	1.15	24	Stamford, Conn	20.7	**John M Henske**
122,094	25,815	NYSE	OSG	3.43	0.42	16¼	New York, NY	2.5	**Morton P Hyman**
184,535	30,654	NYSE	OCF	1.63	1.20	22½	Toledo, Ohio	23.8	**William W Boeschenstein**
338,700	29,286	NYSE	OI	5.15	1.56	29⅝	Toledo, Ohio	54.9	**Edwin D Dodd**
91,898	9,068	NASDAQ	PCAR	9.39	2.73	73¾	Bellevue, Wash	11.0	**Charles M Pigott**
693,526	129,552	NYSE	PCG	3.41	2.69	21	San Francisco, Cal	26.6	**Frederick W Mielke Jr**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
331	187	355	257	**Pacific Lighting (Dec)**	2,705,512	3,357,006	722,697	123,132
■	■	418	■	**Pacific Lumber (Dec)**	288,440	303,231	600,410	50,782
206	445	283	189	**Pacific Power & Light (Dec)**	4,016,820	1,288,553	908,068	167,536
269	■	■	■	**Paine Webber (Sept)**	3,205,798	1,027,095	240,330	15,882
296	158	■	■	**Pan American World Airways (Dec)**	2,963,184	3,797,291	195,781	-18,875
199	199	146	101	**Panhandle Eastern (Dec)**	4,078,865	3,266,253	1,493,263	261,604
■	462	■	■	**Pantry Pride (July)**	223,169	1,225,263	39,419	-10,614
■	■	462	■	**Paradyne (Dec)**	175,519	135,413	526,020	17,508
■	■	412	406	**Parker Drilling (Aug)**	743,837	582,310	610,259	79,007
■	495	433	460	**Parker-Hannifin (June)**	777,007	1,105,891	571,212	64,062
■	474	■	■	**Parsons (Dec)**	414,275	1,184,473	423,056	37,153
253	190	292	186	**Penn Central (Dec)**	3,394,900	3,348,800	879,368	168,700
93	32	92	58	**J C Penney (Jan)**	7,354,000	11,860,169	2,006,498	386,809
162	485	255	122	**Pennsylvania Power & Light (Dec)**	5,010,536	1,133,278	1,000,905	231,696
291	247	72	128	**Pennzoil (Dec)**	2,998,565	2,681,751	2,456,736	221,642
494	■	■	■	**Peoples Bancorporation (Dec)**	1,742,867	205,841	73,631	15,613
■	441	■	■	**Peoples Energy (Sept)**	1,100,765	1,315,617	235,256	48,210
202	71	53	74	**PepsiCo (Dec)**	4,057,061	7,027,443	3,332,132	333,456
■	491	208	411	**Perkin-Elmer (July)**	840,162	1,115,830	1,147,878	78,125
■	340	286	329	**Petrolane (Sept)**	923,246	1,878,085	889,935	99,275
229	201	41	129	**Pfizer (Dec)**	3,647,127	3,249,729	3,991,194	221,285
425	408	350	484	**Phelps Dodge (Dec)**	2,144,394	1,438,555	730,974	58,492
126	14	122	90	**Phibro (Dec)**	5,788,039	25,097,657	1,770,522	289,281
111	268	149	93	**Philadelphia Electric (Dec)**	6,304,195	2,433,425	1,478,408	277,565
112	■	■	■	**Philadelphia National (Dec)**	6,297,071	779,443	182,000	35,679
71	56	23	25	**Philip Morris (Dec)**	9,245,300	8,306,600	6,113,299	676,200
61	21	21	18	**Phillips Petroleum (Dec)**	11,263,915	15,965,463	6,163,331	879,364
421	195	299	266	**Pillsbury (May)**	2,174,500	3,301,700	858,396	119,600
■	463	222	287	**Pioneer (Dec)**	954,227	1,224,645	1,112,097	110,204
■	■	312	463	**Pioneer Hi-Bred International (Aug)**	367,494	477,995	817,796	63,452
■	418	■	437	**Pitney Bowes (Dec)**	1,214,722	1,414,414	405,050	69,535
101	■	■	491	**Pittsburgh National (Dec)**	6,934,537	866,896	337,709	57,397
■	291	269	■	**Pittston (Dec)**	1,343,558	2,228,480	951,710	42,729
■	499	■	■	**Pneumo (Nov)**	370,716	1,093,611	128,315	18,027
■	■	367	443	**Pogo Producing (Dec)**	771,930	295,995	706,675	67,745
■	417	381	■	**Polaroid (Dec)**	1,434,700	1,419,600	673,528	31,100
406	■	475	281	**Portland General Electric (Dec)**	2,242,011	594,789	499,125	112,341
■	■	■	488	**Potlatch (Dec)**	1,186,319	880,493	455,502	57,804
359	■	393	292	**Potomac Electric Power (Dec)**	2,518,752	1,000,510	642,669	109,672
299	189	184	142	**PPG Industries (Dec)**	2,954,700	3,353,600	1,283,387	211,200
■	363	■	■	**Primark (Dec)**	1,369,393	1,687,033	139,864	16,503
■	■	370	■	**Prime Computer (Dec)**	308,796	364,787	700,127	37,678
99	33	16	28	**Procter & Gamble (June)**	6,961,000	11,416,000	6,667,026	668,000
368	■	456	407	**Provident Life & Accident (Dec)**	2,465,777	1,022,618	532,504	78,859
260	■	■	■	**Provident National (Dec)**	3,312,354	393,278	198,505	39,507
375	437	395	322	**Public Service Company of Colorado (Dec)**	2,430,968	1,336,171	639,768	100,755
264	■	300	205	**Public Service Company of Indiana (Dec)**	3,285,490	720,126	855,441	151,628
■	■	■	415	**Public Service Co of New Hampshire (Dec)**	1,328,349	440,884	345,041	77,187
481	■	427	301	**Public Service Company of New Mexico (Dec)**	1,832,315	336,165	586,031	107,958

■ Not on 500 list.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981						Corporate headquarters	Number of employees (000)	Chief executive
	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)			
195,836	26,521	NYSE	PLT	4.52	2.60	27¼	Los Angeles, Cal	9.7	Paul A Miller
47,028	24,259	NYSE	PL	2.09	1.20	24¾	San Francisco, Cal	4.0	Gene G Elam
327,874	50,801	NYSE	PPW	2.82	2.04	17⅞	Portland, Ore	8.8	Don C Frisbee
21,898	9,518	NYSE	PWJ	1.70	0.44	25¼	New York, NY	9.9	Donald B Marron
195,925	71,193	NYSE	PN	–3.65	none	2¾	New York, NY	30.3	C Edward Acker
553,040	40,633	NYSE	PEL	6.52	3.00	36⅝	Houston, Tex	7.3	Richard L O'Shields
25,317	9,656	Pacific	PPR	–1.39	none	4⅝	Ft Lauderdale, Fla	9.3	Grant C Gentry
11,587	12,569	NYSE	PDN	1.36	none	40⅞	Largo, Fla	2.1	Robert S Wiggins
153,122	28,888	NYSE	PKD	2.75	[illegible]	21⅛	Tulsa, Okla	6.2	Robert L Parker
96,230	24,971	NYSE	PH	2.75	[illegible]	22⅞	Cleveland, Ohio	21.2	Patrick S Parker
42,790	18,528	ASE	RMP	2.01	0.67	22⅞	Pasadena, Cal	9.2	William E Leonhard
389,900	31,977	NYSE	PC	4.18	none	27½	New York, NY	42.1	Richard Dicker
561,000	70,096	NYSE	JCP	5.50	1.84	28⅝	New York, NY	193.7	Donald V Seibert
131,136	58,447	NYSE	PPL	3.17	2.21	17⅛	Allentown, Pa	7.9	Robert K Campbell
538,565	51,182	NYSE	PZL	4.23	2.20	48	Houston, Tex	10.3	J Hugh Liedtke
24,396	5,828	NASDAQ	PEOP	4.09	1.00	19⅝	Seattle, Wash	2.2	Joshua Green III
106,544	29,407	NYSE	PCL	1.66	1.00	8	Chicago, Ill	3.7	Eugene A Tracy
579,635	91,605	NYSE	PEP	3.61	1.42	36⅜	Purchase, NY	120.0	Donald M Kendall
104,260	42,514	NYSE	PKN	1.81	0.44	27	Norwalk, Conn	15.3	Robert H Sorensen
177,[illegible]52	51,967	NYSE	PTO	1.90	0.42	17⅝	Long Beach, Cal	16.8	Rudolph J Munzer
324,700	74,952	NYSE	PFE	2.95	1.60	53¼	New York, NY	41.4	Edmund T Pratt Jr
125,883	21,739	NYSE	PD	2.61	1.60	33⅝	New York, NY	14.9	George B Munroe
338,900	68,097	NYSE	PB	4.23	0.94	26	New York, NY	7.1	David Tendler
383,643	108,507	NYSE	PE	2.25	1.90	13⅝	Philadelphia, Pa	9.8	James L Everett
59,661	5,824	NASDAQ	PHNA	6.13	2.92	31¼	Philadelphia, Pa	4.9	G Morris Dorrance Jr
1,012,500	125,401	NYSE	MO	5.41	1.90	48⅝	New York, NY	72.0	George Weissman
1,953,604	152,181	NYSE	P	5.78	2.20	40⅝	Bartlesville, Okla	33.5	William C Douce
226,800	21,663	NYSE	PSY	5.95	2.06	39⅝	Minneapolis, Minn	59.8	William H Spoor
207,037	37,225	NYSE	PNA	2.96	0.91	29⅞	Amarillo, Tex	3.2	K Bert Watson
73,293	31,914	NASDAQ	PHYB	1.99	0.52	25⅝	Des Moines, Iowa	2.2	Thomas N Urban
155,732	16,202	NYSE	PBI	3.78	1.60	25	Stamford, Conn	26.9	Fred T Allen
84,823	12,393	NASDAQ	PITS	4.63	1.56	27¼	Pittsburgh, Pa	3.5	Merle E Gilliand
110,996	37,879	NYSE	PCO	1.13	1.20	25⅛	Greenwich, Conn	16.1	Nicholas T Camicia
30,638	4,666	NYSE	PNC	3.81	0.80	27½	Boston, Mass	9.2	Gerard A Fulham
187,976	24,580	NYSE	PPP	2.60	0.52	28¾	Houston, Tex	0.2	William C Liedtke Jr
100,400	32,855	NYSE	PRD	0.95	1.00	20½	Cambridge, Mass	17.1	William J McCune Jr
213,891	39,981	NYSE	PGN	2.84	1.70	12½	Portland, Ore	3.2	Robert H Short
146,743	16,511	NYSE	PCH	3.25	1.42	29⅜	San Francisco, Cal	9.8	Richard B Madden
[illegible]	46,323	NYSE	POM	[illegible]	1.58	14½	Washington, DC	5.4	W Reid Thompson
898,500	33,997	NYSE	PPG	6.27	2.31	37⅝	Pittsburgh, Pa	36.6	L Stanton Williams
81,539	5,889	NYSE	PMK	2.80	2.40	23¾	Detroit, Mich	4.4	Robert W Stewart
66,131	29,635	NYSE	PRM	1.25	none	23⅝	Natick, Ma	4.3	Joe M Henson
972,000	82,949	NYSE	PG	8.08	3.90	80⅝	Cincinnati, Ohio	60.5	John G Smale
201,240	9,509	NASDAQ	PACC	8.05	2.12	56	Chattanooga, Tenn	4.2	H Carey Hanlin
48,768	4,292	NASDAQ	PROV	9.19	2.60	46¼	Philadelphia, Pa	2.4	Roger S Hillas
196,444	44,896	NYSE	PSR	1.97	1.66	14¼	Denver, Colo	6.3	Richard F Walker
227,887	42,244	NYSE	PIN	3.42	2.57	20⅝	Plainfield, Ind	5.0	Hugh A Barker
50,002	28,196	NYSE	PNH	2.65	2.12	14⅞	Manchester, NH	2.0	William C Tallman
120,195	24,675	NYSE	PNM	4.23	2.63	23⅝	Albuquerque, NM	2.9	Jerry D Geist

All share data adjusted for stock splits and stock dividends through May 10, 1982

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
96	174	143	99	Public Service Electric & Gas (Dec)	7,277,089	3,471,652	1,549,602	264,137
■	■	■	338	Puget Sound Power & Light (Dec)	1,666,497	408,747	413,049	96,710
■	253	372	307	Quaker Oats (June)	1,454,100	2,599,500	696,410	105,200
125	■	■	■	Rainier Bancorporation (Dec)	5,819,372	724,464	255,447	43,866
409	105	181	176	Ralston Purina (Sept)	2,218,500	5,224,700	1,295,256	174,800
■	■	453	■	Raychem (June)	446,272	525,398	536,015	35,595
■	500	■	■	Raymond International (Dec)	412,906	1,091,935	132,198	15,848
256	92	56	77	Raytheon (Dec)	3,363,759	5,636,184	3,146,228	324,041
51	51	162	■	[2]RCA (Dec)	13,210,200	8,997,500	1,376,908	54,000
■	■	368	350	Reading & Bates (Dec)	930,883	530,451	705,171	93,432
■	406	■	■	Republic Airlines (Dec)	1,154,567	1,448,416	91,002	–46,269
88	■	■	442	Republic New York (Dec)	7,706,891	1,067,953	413,326	67,866
48	355	303	263	Republic of Texas (Dec)	14,441,096	1,748,559	852,191	120,037
259	131	■	164	Republic Steel (Dec)	3,342,364	4,382,073	396,484	190,089
■	442	479	■	Revco D S (May)	447,558	1,310,404	493,501	45,129
391	274	237	175	Revlon (Dec)	2,316,642	2,365,938	1,052,367	174,821
■	487	■	■	Rexnord (Oct)	783,234	1,130,039	307,900	38,548
80	45	31	22	R J Reynolds Industries (Dec)	8,096,000	9,765,700	4,917,729	767,800
262	172	496	372	Reynolds Metals (Dec)	3,299,500	3,481,100	465,048	86,700
■	■	391	380	Richardson-Vicks (June)	763,300	1,088,100	648,643	83,200
227	■	■	■	Riggs National (Dec)	3,667,792	424,155	161,568	24,350
■	486	339	430	Roadway Express (Dec)	632,926	1,130,082	759,071	71,814
■	■	■	449	Rochester Gas & Electric (Dec)	1,162,990	613,541	272,653	65,750
166	70	71	86	Rockwell International (Sept)	4,809,000	7,039,700	2,489,884	291,800
■	339	326	352	Rohm & Haas (Dec)	1,348,627	1,884,664	787,083	93,085
■	■	495	■	Rollins (June)	313,461	454,613	465,728	44,441
■	■	443	■	ROLM (June)	206,914	294,576	555,680	23,777
■	■	322	282	Rowan Companies (Dec)	658,873	368,975	790,631	111,835
491	330	425	425	Ryder System (Dec)	1,759,471	1,946,456	591,818	74,031
■	■	466	■	Sabine (Dec)	347,201	163,143	519,983	28,342
330	409	347	291	Safeco (Dec)	2,706,370	1,435,564	745,839	109,835
224	19	373	278	Safeway Stores (Dec)	3,690,404	16,580,318	692,074	114,556
177	327	246	196	St Paul Companies (Dec)	4,599,932	1,971,173	1,023,394	159,383
320	232	232	169	St Regis Paper (Dec)	2,788,292	2,818,798	1,075,032	179,218
420	477	467	289	San Diego Gas & Electric (Dec)	2,179,904	1,159,662	518,738	110,156
172	184	105	114	Santa Fe Industries (Dec)	4,677,800	3,366,900	1,883,019	242,200
401	346	147	168	Schering-Plough (Dec)	2,285,500	1,808,800	1,488,788	179,300
■	■	401	■	Scientific-Atlanta (June)	197,210	277,292	627,642	19,005
■	331	■	496	SCM (June)	1,077,480	1,938,446	206,916	56,511
397	284	379	235	Scott Paper (Dec)	2,298,683	2,309,444	682,288	133,340
62	414	■	416	Seafirst (Dec)	10,747,100	1,424,655	455,259	76,768
■	■	138	308	G D Searle (Dec)	1,094,300	942,300	1,589,646	104,900
15	12	25	32	Sears Roebuck (Dec)	34,509,400	27,252,400	5,609,694	592,100
18	139	213	147	Security Pacific (Dec)	32,999,142	4,218,558	1,135,866	206,446
■	■	198	446	SEDCO (June)	938,428	369,417	1,198,060	66,393
207	■	■	■	Shawmut (Dec)	3,983,226	464,853	119,270	22,149
34	17	6	9	Shell Oil (Dec)	20,118,000	21,629,000	13,596,000	1,701,000
■	389	■	■	Sherwin-Williams (Dec)	864,438	1,536,807	217,800	31,385
■	345	■	■	Sigmor (June)	495,216	1,835,363	261,111	31,823

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
603,056	86,089	NYSE	PEG	2.63	2.44	18	Newark, NJ	12.6	**Robert I Smith**
109,213	31,773	NYSE	PSD	2.86	1.73	13	Bellevue, Wash	2.4	**John W Ellis**
184,300	19,480	NYSE	OAT	5.01	1.65	35¾	Chicago, Ill	31.2	**William D Smithburg**
77,943	9,461	NASDAQ	RBAN	4.66	1.36	27	Seattle, Wash	5.5	**G Robert Truex Jr**
292,900	107,938	NYSE	RAL	1.62	0.72	12	St Louis, Mo	66.5	**William P Stiritz**
65,581	9,085	NASDAQ	RAYC	4.01	0.44	59	Menlo Park, Cal	8.0	**Paul M Cook**
33,324	6,009	NYSE	RII	2.66	1.00	22	Houston, Tex	11.0	**Henry F LeMieux**
493,052	84,180	NYSE	RTN	3.86	1.20	37¾	Lexington, Mass	77.2	**Thomas L Phillips**
785,600	75,447	NYSE	RCA	–0.19	1.80	18¼	New York, NY	126.0	**Thornton F Bradshaw**
144,435	27,790	NYSE	RB	3.01	0.60	25⅝	Tulsa, Okla	5.0	**John W Bates Jr**
16,807	22,061	NYSE	RAI	–2.30	0.10	4⅛	Minneapolis, Minn	14.5	**Daniel F May**
94,452	10,877	NYSE	RNB	5.60	1.16	38	New York, NY	2.3	**Walter H Weiner**
156,874	23,268	NYSE	RPT	5.01	1.17	36⅝	Dallas, Tex	6.3	**James D Berry**
344,400	16,183	NYSE	RS	11.75	2.25	24½	Cleveland, Ohio	40.9	**William J De Lancey**
59,372	20,456	NYSE	RDS	2.21	0.71	24⅛	Twinsburg, Ohio	19.3	**Sidney Dworkin**
252,168	34,363	NYSE	REV	4.10	1.84	30⅝	New York, NY	36.1	**Michel C Bergerac**
74,015	20,026	NYSE	REX	1.92	1.08	15⅝	Milwaukee, Wisc	17.3	**Robert V Krikorian**
1,270,300	104,355	NYSE	RJR	7.08	2.50	47⅞	Winston-Salem, NC	84.6	**J Paul Sticht**
232,500	19,377	NYSE	RLM	4.40	2.40	24	Richmond, Va	34.2	**David P Reynolds**
104,100	25,587	NYSE	RVI	3.47	1.07	27½	Milton, Conn	12.9	**John S Scott**
35,041	5,984	NASDAQ	RIGS	4.07	1.50	27	Washington, DC	2.2	**Joe L Allbritton**
118,349	19,845	NASDAQ	ROAD	3.63	1.25	38¼	Akron, Ohio	18.6	**Charles F Zodrow**
127,664	19,040	NYSE	RGS	2.93	1.49	14⅜	Rochester, NY	2.7	**Paul W Briggs**
425,900	76,027	NYSE	ROK	3.84	1.48	32¾	Pittsburgh, Pa	105.8	**Robert Anderson**
198,380	12,903	NYSE	ROH	7.21	2.56	61	Philadelphia, Pa	13.3	**Vincent L Gregory Jr**
78,542	26,613	NYSE	ROL	1.62	0.53	17½	Altanta, Ga	11.6	**O Wayne Rollins**
32,319	17,365	NYSE	RM	1.39	none	32	Santa Clara, Cal	4.1	**M Kenneth Oshman**
187,778	47,917	NYSE	RDC	2.22	0.06	16½	Houston, Tex	2.2	**C Robert Palmer**
300,228	20,147	NYSE	RDA	3.84	1.06	29⅝	Miami, Fla	18.9	**Leslie O Barnes**
63,146	14,596	NYSE	SAB	1.94	0.37	35⅝	Dallas, Tex	0.3	**Ashley H Priddy**
220,857	18,882	NASDAQ	SAFC	5.78	2.00	39½	Seattle, Wash	10.9	**Roland M Trafton**
366,507	26,116	NYSE	SA	4.39	2.60	26½	Oakland, Cal	153.7	**Peter A Magowan**
390,955	20,939	NASDAQ	STPL	7.61	2.32	48⅞	St Paul, Minn	9.4	**Carl B Drake Jr**
303,463	34,128	NYSE	SRT	5.19	2.15	31½	New York, NY	28.8	**William R Haselton**
174,408	41,499	NYSE	SDO	2.34	1.62	12½	San Diego, Cal	5.1	**Thomas A Page**
607,900	89,137	NYSE	SFF	2.73	1.00	21⅛	Chicago, Ill	40.5	**John S Reed**
240,800	53,171	NYSE	SGP	3.31	1.66	28	Kenilworth, NJ	27.2	**Robert P Luciano**
26,720	23,246	NYSE	SFA	0.90	0.09	27	Atlanta, Ga	4.7	**Sidney Topol**
104,070	9,459	NYSE	SCM	5.80	1.90	21⅞	New York, NY	27.5	**Paul H Elicker**
270,848	42,643	NYSE	SPP	3.22	1.00	16	Philadelphia, Pa	20.4	**Philip E Lippincott**
151,573	15,974	NYSE	SFC	4.93	1.32	28½	Seattle, Wash	7.8	**William M Jenkins**
272,000	50,666	NYSE	SRL	2.02	0.52	31⅜	Skokie, Ill	16.3	**Donald H Rumsfeld**
1,778,700	347,888	NYSE	S	1.88	1.36	16⅛	Chicago, Ill	395.0	**Edward R Telling**
402,031	27,874	NYSE	SPC	7.05	2.15	40¾	Los Angeles, Cal	26.4	**Richard J Flamson III**
139,053	32,380	NYSE	SED	2.08	0.29	37	Dallas, Tex	6.9	**B Gill Clements**
35,383	4,298	NASDAQ	SHAS	5.17	1.50	27¾	Boston, Mass	4.0	**John P LaWare**
3,475,000	309,000	NYSE	SUO	5.51	1.80	44	Houston, Tex	36.9	**John F Bookout**
63,228	9,900	NYSE	SHW	3.07	0.80	22	Cleveland, Ohio	20.2	**John G Breen**
55,089	17,122	NASDAQ	SGMOA	1.90	0.48	15¼	San Antonio, Tex	5.5	**Tom E Turner**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
226	99	108	139	**Signal Companies (Dec)**	3,678,600	5,407,300	1,833,090	214,000
■	231	■	■	**Singer (Dec)**	1,573,200	2,833,600	230,492	38,400
■	468	240	236	**Smith International (Dec)**	1,034,770	1,194,159	1,037,784	133,116
468	322	36	61	**[11]SmithKline Beckman (Dec)**	1,883,452	1,985,341	4,512,143	370,000
205	■	■	■	**Society (Dec)**	4,032,777	437,703	114,606	22,744
318	255	160	177	**[12]SONAT (Dec)**	2,814,181	2,568,747	1,382,029	173,672
456	■	■	383	**South Carolina Electric & Gas (Dec)**	1,958,772	759,687	445,350	82,867
485	■	■	■	**South Carolina National (Dec)**	1,789,964	217,094	110,838	21,478
109	■	■	■	**Southeast Banking (Dec)**	6,453,271	816,979	295,691	49,285
74	149	70	41	**Southern California Edison (Dec)**	8,728,543	4,054,356	2,518,586	489,912
54	137	78	76	**Southern Company (Dec)**	12,415,034	4,256,237	2,291,484	325,979
467	■	420	295	**Southern New England Telephone (Dec)**	1,891,372	1,003,137	599,944	109,000
140	198	216	188	**Southern Pacific (Dec)**	5,500,800	3,272,400	1,127,104	167,700
244	349	150	141	**Southern Railway (Dec)**	3,452,306	1,790,669	1,474,375	212,080
■	90	344	347	**Southland (Dec)**	1,677,791	5,693,636	751,935	94,191
■	■	199	■	**Southland Royalty (Dec)**	687,820	400,139	1,191,041	36,216
435	■	■	■	**[13]SouthTrust (Dec)**	2,060,696	254,840	85,881	19,604
151	■	■	■	**Southwest Bancshares (Dec)**	5,253,324	601,243	338,104	43,540
■	■	■	462	**Southwestern Public Service (Aug)**	1,088,600	533,876	420,797	63,812
152	97	144	80	**Sperry (Mar)**	5,242,521	5,427,178	1,508,912	312,998
■	482	330	314	**Square D (Dec)**	811,669	1,144,247	778,297	102,827
457	394	133	284	**Squibb (Dec)**	1,950,360	1,523,911	1,636,943	111,347
■	318	485	305	**A E Staley Manufacturing (Sept)**	859,467	2,006,196	489.300	105,821
26	6	5	5	**Standard Oil Calif (Dec)**	23,655,610	44,224,000	14,632,466	2,380,000
29	8	4	8	**Standard Oil Indiana (Dec)**	22,916,000	29,947,000	15,354,144	1,922,000
43	29	12	7	**Standard Oil Ohio (Dec)**	15,743,296	13,457,091	10,205,680	1,946,898
■	■	497	500	**Stanley Works (Dec)**	666,470	1,009,487	463,890	55,368
254	■	■	■	**State Street Boston (Dec)**	3,388,066	406,476	129,799	26,242
442	359	260	209	**Stauffer Chemical (Dec)**	2,033,947	1,726,236	979,401	149,924
■	348	168	241	**Sterling Drug (Dec)**	1,264,980	1,792,925	1,348,372	130,303
■	316	■	■	**J P Stevens (Oct)**	1,142,590	2,031,335	231,312	–22,874
■	298	■	■	**Stop & Shop Companies (Jan)**	468,578	2,168,148	89,056	24,531
■	■	204	385	**Storage Technology (Dec)**	1,072,689	921,963	1,167,565	82,400
451	■	■	■	**Sumitomo Bank of California (Dec)**	1,986,726	263,021	39,181	8,142
223	■	■	■	**Sun Banks of Florida (Dec)**	3,710,586	423,343	190,495	26,904
58	24	26	16	**Sun Company (Dec)**	11,822,000	15,012,000	5,437,660	1,076,000
■	■	335	345	**Sundstrand (Dec)**	892,894	1,045,687	763,980	95,011
■	121	360	454	**Super Valu Stores (Feb)**	685,068	4,622,444	718,471	64,721
178	312	35	65	**Superior Oil (Dec)**	4,520,809	2,057,419	4,691,754	361,291
■	218	■	■	**Supermarkets General (Jan)**	636,777	2,999,379	158,659	30,256
■	■	386	■	**Supron Energy (Dec)**	239,567	77,986	663,690	20,663
■	285	■	■	**Swift Independent (Oct)**	212,070	2,301,930	61,128	17,800
■	423	■	■	**Sysco (June)**	332,422	1,386,023	385,599	26,812
■	■	245	■	**Tandem Computers (Sept)**	255,971	208,397	1,025,474	26,549
■	362	49	183	**Tandy (June)**	936,545	1,691,373	3,490,661	169,602
■	■	■	480	**Tecumseh Products (Dec)**	442,324	815,743	339,140	59,150
■	■	244	398	**Tektronix (May)**	953,753	1,061,834	1,027,290	80,167
157	134	60	51	**[3]Teledyne (Dec)**	5,116,660	4,342,000	2,661,133	441,800
42	22	37	20	**Tenneco (Dec)**	16,808,234	15,461,773	4,325,353	812,888

■ Not on 500 list.

[2] Figures include unconsolidated subsidiaries.

[11] Formerly SmithKline

[12] Formerly Southern Natural Resources.

[13] Formerly Southern Bancorp of Alabama.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
408,900	72,240	NYSE	SGN	2.95	0.78	25⅜	San Diego, Cal	63.8	Forrest N Shumway
74,000	16,612	NYSE	SMF	1.93	0.10	13⅞	Stamford, Conn	68.5	Joseph B Flavin
191,257	22,622	NYSE	SII	5.80	0.76	45⅞	Newport Beach, Cal	11.7	Jerry W Neely
423,279	66,723	NYSE	SKB	5.55	2.12	67⅝	Philadelphia, Pa	22.1	Henry Wendt
35,856	6,367	NASDAQ	SOCI	3.53	1.44	18	Cleveland, Ohio	3.0	J Maurice Struchen
356,715	40,949	NYSE	SNT	4.24	1.01	33⅜	Birmingham, Ala	6.4	Henry C Goodrich
114,350	29,690	NYSE	SCG	2.44	1.80	15	Columbia, SC	3.5	Virgil C Summer
32,956	4,263	NASDAQ	SCNC	5.04	1.35	26	Columbia, SC	2.8	James G Lindley
82,913	16,092	NYSE	STB	3.15	1.00	18⅜	Miami, Fla	6.3	Charles J Zwick
510,629	87,603	NYSE	SCE	4.93	3.03	28¾	Rosemead, Cal	14.4	William R Gould
970,521	190,957	NYSE	SO	1.81	1.62	12	Atlanta, Ga	28.4	Alvin W Vogtle Jr
270,056	13,713	NYSE	SNG	7.68	4.08	43¾	New Haven, Conn	14.4	Alfred W Van Sinderen
423,600	27,659	NYSE	SX	6.18	2.60	40¾	San Francisco, Cal	52.9	Benjamin F Biaggini
432,195	15,479	NYSE	SR	13.55	4.24	95¼	Washington, DC	20.6	Harold H Hall
204,522	23,683	NYSE	SLC	3.98	1.05	31¾	Dallas, Tex	48.2	John P Thompson
122,813	45,373	NYSE	SRO	0.79	0.04	26¼	Fort Worth, Tex	0.5	Jon Brumley
27,244	7,309	NASDAQ	SOTR	2.68	1.00	11¾	Birmingham, Ala	2.3	Wallace D Malone Jr
56,981	11,177	NYSE	SWB	3.97	1.04	30¼	Houston, Tex	3.2	John T Cater
99,043	32,369	NYSE	SPS	1.91	1.41	13	Amarillo, Tex	2.3	Berl M Springer
532,767	42,806	NYSE	SY	7.68	1.84	35¼	New York, NY	91.5	J Paul Lyet
143,912	26,954	NYSE	SQD	3.82	1.70	28⅞	Palatine, Ill	22.4	Mitchell P Kartalia
169,228	49,983	NYSE	SQB	2.23	1.22	32¾	New York, NY	22.5	Richard M Furlaud
158,393	21,991	NYSE	STA	4.75	0.80	22¼	Decatur, Ill	4.3	Donald E Nordlund
3,607,000	341,282	NYSE	SD	6.96	2.20	42⅞	San Francisco, Cal	41.8	George M Keller
3,816,000	295,272	NYSE	SN	6.56	2.60	52	Chicago, Ill	57.5	John E Swearingen
2,857,920	245,920	NYSE	SGH	7.92	2.25	41½	Cleveland, Ohio	39.8	Alton W Whitehouse Jr
79,548	26,508	NYSE	SWK	2.10	0.72	17½	New Britain, Conn	17.6	Donald W Davis
39,146	2,102	NASDAQ	STBK	12.53	2.50	61¾	Boston, Mass	3.3	William S Edgerly
305,895	44,018	NYSE	STF	3.41	1.29	22¼	Westport, Conn	12.8	H Barclay Morley
170,150	60,601	NYSE	STY	2.15	0.98	22¼	New York, NY	25.7	Dr W Clarke Wescoe
34,337	14,457	NYSE	STN	−1.59	1.20	16	New York, NY	39.6	Whitney Stevens
54,206	4,048	NYSE	SHP	6.06	1.26	22	Boston, Mass	26.0	Avram J Goldberg
158,261	33,359	NYSE	STK	2.61	none	35	Louisville, Colo	13.4	Jesse I Aweida
12,918	3,073	NASDAQ	SUMI	2.60	1.16	12¾	San Francisco, Cal	1.7	Nimei Akamatsu
41,324	10,297	NYSE	SU	2.46	0.91	18½	Orlando, Fla	5.0	Joel R Wells Jr
1,784,000	119,509	NYSE	SUN	8.85	2.03	45½	Radnor, Pa	46.9	Theodore A Burti
154,308	18,190	NYSE	SNS	5.23	1.70	42	Rockford, Ill	15.9	Evans W Erikson
102,523	36,610	NYSE	SVU	1.77	0.44	19⅝	Eden Prairie, Minn	18.5	Michael W Wright
918,864	127,234	NYSE	SOC	2.84	0.15	36⅞	Houston, Tex	6.0	Frederic C Ackman
82,463	8,242	NYSE	SGL	3.61	0.57	19¼	Woodbridge, NJ	30.0	Herbert Brody
52,620	20,343	ASE	SUE	0.95	0.11	32⅝	Dallas, Tex	0.2	Alvin M Wiederkehr
22,000E	4,990	ASE	SFT	3.56	0.52	12¼	Chicago, Ill	5.9	John A Copeland
39,427	9,762	NYSE	SYY	2.82	0.40	39½	Houston, Tex	5.8	John F Baugh
35,474	36,954	NASDAQ	TNDM	0.72	none	27¾	Cupertino, Cal	2.1	James G Treybig
200,527	103,427	NYSE	TAN	1.65	none	33¾	Fort Worth, Tex	24.0	John V Roach
76,819	5,470	NASDAQ	TECU	10.81	4.20	62	Tecumseh, Mich	8.8	Kenneth G Herrick
121,934	18,678	NYSE	TEK	4.34	0.94	55	Beaverton, Ore	24.0	Earl Wantland
395,100	20,658	NYSE	TDY	21.39	none	138½	Los Angeles, Cal	48.0	Henry E Singleton
2,135,208	129,115	NYSE	TGT	6.01	2.60	33½	Houston, Tex	104.5	James L Ketelsen

All share data adjusted for stock splits and stock dividends through May 10, 1982.

E: Estimate.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
417	■	■	■	**Tennessee Valley Bancorp (Dec)**	2,187,268	275,280	41,682	7,339
■	215	■	397	**Tesoro Petroleum (Sept)**	760,412	3,034,768	306,120	80,230
22	5	14	6	**Texaco (Dec)**	27,489,000	57,628,000	8,544,921	2,310,000
204	■	■	■	**Texas American Bancshares (Dec)**	4,043,362	480,927	289,609	38,748
47	380	200	227	**Texas Commerce Bancshares (Dec)**	14,511,591	1,583,256	1,185,131	137,511
198	125	171	132	**Texas Eastern (Dec)**	4,096,791	4,526,114	1,339,695	220,634
496	251	365	240	**Texas Gas Transmission (Dec)**	1,731,763	2,649,265	709,030	130,939
393	140	104	300	**Texas Instruments (Dec)**	2,310,500	4,206,000	1,898,190	108,500
■	■	343	■	**Texas International (Dec)**	526,298	142,238	752,263	7,247
443	375	52	163	**Texas Oil & Gas (Aug)**	2,032,822	1,605,962	3,333,855	191,924
94	242	88	67	**Texas Utilities (Dec)**	7,306,658	2,738,377	2,065,257	359,398
414	192	284	204	**Textron (Dec)**	2,195,700	3,328,000	905,942	151,800
438	■	■	■	**Third National (Dec)**	2,048,883	254,087	74,397	15,701
■	■	337	■	**Tidewater (Mar)**	528,444	341,104	761,496	52,765
333	371	■	■	**Tiger International (Dec)**	2,702,397	1,624,394	228,636	–16,613
324	196	103	212	**Time Inc (Dec)**	2,754,759	3,296,382	1,903,511	148,821
464	304	141	208	**Times Mirror (Dec)**	1,917,212	2,130,756	1,561,997	150,331
■	413	352	320	**Timken (Dec)**	1,101,431	1,427,158	727,078	101,115
474	■	■	381	**Toledo Edison (Dec)**	1,868,370	442,284	386,909	83,137
■	■	243	■	**Tom Brown (Mar)**	209,629	139,621	1,027,744	21,095
■	177	■	■	**Tosco (Dec)**	1,066,081	3,431,491	367,510	22,579
■	■	411	■	**Toys "R" Us (Jan)**	442,497	783,285	611,667	48,920
251	103	■	■	**Trans World (Dec)**	3,396,758	5,265,468	297,855	42,233
73	144	145	130	**Transamerica (Dec)**	9,042,342	4,155,887	1,498,501	220,702
252	170	227	224	**Transco Companies (Dec)**	3,395,355	3,525,378	1,088,038	140,093
430	■	■	■	**TRANSOHIO Financial (Dec)**	2,098,480	206,204	23,983	–19,322
24	43	107	66	**Travelers (Dec)**	23,982,300	9,800,800	1,862,669	359,400
242	■	■	■	**Trust Company of Georgia (Dec)**	3,459,903	424,102	310,938	44,960
277	102	112	124	**TRW (Dec)**	3,126,603	5,285,133	1,820,821	228,830
■	■	■	363	**Tucson Electric Power (Dec)**	1,236,043	350,468	396,990	89,771
■	329	■	■	**Turner Construction (Dec)**	411,853	1,953,040	55,140	9,688
■	492	■	■	**U S Air (Dec)**	881,317	1,110,490	202,754	51,084
208	108	488	■	**UAL (Dec)**	3,975,777	5,141,174	488,153	–70,530
487	367	195	185	**Union Camp (Dec)**	1,779,728	1,665,888	1,206,582	168,948
64	42	48	30	**Union Carbide (Dec)**	10,423,000	10,168,000	3,523,400	649,000
203	496	315	199	**Union Electric (Dec)**	4,047,277	1,105,536	812,972	157,083
90	38	18	21	**Union Oil Company of California (Dec)**	7,592,800	10,745,900	6,532,227	791,400
97	79	29	55	**Union Pacific (Dec)**	7,096,971	6,374,682	5,010,824	410,710
■	287	■	■	**Uniroyal (Dec)**	1,458,230	2,260,100	183,006	45,283
263	■	■	■	**United Banks of Colorado (Dec)**	3,295,704	390,847	183,475	28,395
■	148	■	■	**United Brands (June)**	1,309,428	4,058,387	127,608	29,386
341	95	209	138	**United Energy Resources (Dec)**	2,636,886	5,441,604	1,147,575	215,701
319	■	■	■	**United Jersey Banks (Dec)**	2,813,567	292,376	71,596	16,370
394	■	■	■	**United Missouri Bancshares (Dec)**	2,306,115	215,780	124,733	23,522
130	■	■	456	**U S Bancorp (Dec)**	5,655,994	668,792	402,259	64,526
■	401	447	423	**United States Gypsum (Dec)**	1,145,195	1,491,172	552,047	74,171
50	26	64	15	**United States Steel (Dec)**	13,316,100	13,940,500	2,706,048	1,077,200
413	■	■	■	**United States Trust (Dec)**	2,199,280	259,506	92,969	14,117
91	27	86	45	**United Technologies (Dec)**	7,555,103	13,667,758	2,166,032	457,686

■ Not on 500 list.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
21,190	3,923	NASDAQ	TVBC	1.63	0.80	10⅝	Nashville, Tenn	2.0	**William F Earthman**
156,647	15,306	NYSE	TSO	4.84	0.33	20	San Antonio, Tex	3.7	**Robert V West Jr**
3,833,000	258,937	NYSE	TX	8.75	2.80	33	White Plains, NY	66.7	**John K McKinley**
56,767	8,581	NASDAQ	TABS	4.52	1.08	33¾	Fort Worth, Tex	2.5	**Lewis H Bond**
226,384	30,683	NYSE	TCB	4.49	0.92	38⅝	Houston, Tex	6.6	**Ben F Love**
581,958	25,518	NYSE	TET	8.70	3.50	52½	Houston, Tex	5.8	**I David Bufkin**
304,643	20,258	NYSE	TXG	6.31	1.78	35	Owensboro, Ky	11.3	**Dennis R Hendrix**
441,800	23,580	NYSE	TXN	4.62	2.00	80½	Dallas, Tex	86.8	**Mark Shepherd Jr**
52,973	19,667	NYSE	TEI	0.37	0.05	38¼	Oklahoma City, Okla	1.1	**George Platt**
442,044	95,253	NYSE	TXO	2.01	0.21	35	Dallas, Tex	3.0	**William L Hutchison**
410,264	105,236	NYSE	TXU	3.51	1.85	19⅝	Dallas, Tex	15.0	**T Louis Austin Jr**
199,800	34,026	NYSE	TXT	4.06	1.80	26⅝	Providence, RI	55.0	**Robert P Straetz**
29,210	3,484	NASDAQ	TDAT	4.53	0.96	21⅜	Nashville, Tenn	2.0	**Charles J Kane**
108,383	17,865	NYSE	TDW	3.15	0.78	42⅝	New Orleans, La	3.4	**John P Laborde**
78,932	16,936	NYSE	TGR	–0.98	0.88	13½	Los Angeles, Cal	14.4	**Wayne M Hoffman**
292,304	49,765	NYSE	TL	2.43	0.95	38¼	New York, NY	25.5	**J Richard Munro**
265,999	34,142	NYSE	TMC	4.40	1.72	45¾	Los Angeles, Cal	27.0	**Robert F Erburu**
179,564	11,229	NYSE	TKR	9.01	3.40	64¾	Canton, Ohio	21.6	**William R Timkin Jr**
107,420	23,449	NYSE	TED	2.77	2.26	16½	Toledo, Ohio	2.3	**John P Williamson**
48,021	39,758	NASDAQ	TMBR	0.55	none	25⅞	Midland, Tex	1.0	**Thomas C Brown**
101,824	22,616	NYSE	TOS	1.02	none	16¼	Los Angeles, Cal	3.1	**Morton M Winston**
59,298	20,647	NYSE	TOY	2.12	none	29⅝	Rochelle Park, NJ	9.5	**Charles Lazarus**
290,541	19,857	NYSE	TW	1.12	none	15	New York, NY	95.0	**L Edwin Smart**
684,548	64,107	NYSE	TA	3.41	1.31	23⅜	San Francisco, Cal	27.7	**James R Harvey**
538,936	23,653	NYSE	E	5.41	1.60	46	Houston, Tex	2.7	**William J Bowen**
–17,511	3,762	NYSE	TFC	–5.13	none	6⅜	Cleveland, Ohio	0.7	**Warner B Bishop**
1,817,300	42,454	NYSE	TIC	8.45	2.88	43⅞	Hartford, Conn	29.2	**Edward H Budd**
69,694	9,950	NASDAQ	TRGA	4.51	1.05	31¼	Atlanta, Ga	4.2	**Robert Strickland**
488,420	33,257	NYSE	TRW	6.60	2.35	54¾	Cleveland, Ohio	93.0	**Ruben F Mettler**
148,937	22,055	NYSE	TEP	3.80	1.72	18	Tucson, Ariz	1.2	**Theodore M Welp**
13,727	1,996	ASE	TUR	4.65	1.44	27⅝	New York, NY	2.3	**Walter B Shaw**
114,287	17,074	NYSE	U	3.13	0.12	11⅞	Washington, DC	10.6	**Edwin I Colodny**
182,593	29,585	NYSE	UAL	–2.40	none	16½	Elk Grove Township, Ill	64.0	**Richard J Ferris**
301,204	24,314	NYSE	UCC	6.95	2.80	49⅝	Wayne, NJ	15.5	**Peter J McLaughlin**
1,172,000	68,582	NYSE	UK	9.56	3.30	51⅜	Danbury, Conn	113.2	**Warren M Anderson**
169,005	74,756	NYSE	UEP	1.90	1.52	10⅞	St Louis, Mo	7.1	**Charles J Dougherty**
1,811,700	173,614	NYSE	UCL	4.56	0.85	37⅝	Los Angeles, Cal	19.0	**Fred L Hartley**
865,161	96,362	NYSE	UNP	4.27	1.60	52	New York, NY	31.9	**James H Evans**
112,956	26,619	NYSE	R	1.52	none	6⅞	Middlebury, Conn	26.7	**Joseph P Flannery**
44,573	8,950	NASDAQ	UBKS	2.96	0.90	20½	Denver, Colo	3.1	**N Berne Hart**
70,677	10,634	NYSE	UB	2.42	0.40	12	New York, NY	50.7	**Seymour Milstein**
383,104	27,820	NYSE	UER	7.75	1.82	41¼	Houston, Tex	3.9	**J Hugh Roff Jr**
26,424	5,671	NYSE	UJB	2.90	1.14	12⅝	Princeton, NJ	2.8	**T Joseph Semrod**
29,804	4,844	NASDAQ	UMSB	4.84	0.87	25¾	Kansas City, Mo	2.0	**R Crosby Kemper**
105,166	17,958	NASDAQ	USBC	3.60	0.92	22½	Portland, Ore	5.6	**John A Elorriaga**
132,553	16,479	NYSE	USG	4.49	2.40	33½	Chicago, Ill	17.8	**Graham J Morgan**
1,379,500	90,579	NYSE	X	12.07	2.00	29⅞	Pittsburgh, Pa	149.6	**David M Roderick**
19,418	2,999	NASDAQ	USTC	4.71	1.90	31	New York,NY	1.5	**Daniel P Davison**
763,043	51,881	NYSE	UTX	7.71	2.40	41⅜	Hartford, Conn	195.0	**Harry J Gray**

All share data adjusted for stock splits and stock dividends through May 10, 1982.

The Dimensions of American Business

Where they rank: 1981								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
174	288	132	100	United Telecommunications (Dec)	4,620,791	2,255,451	1,638,471	261,753
210	■	■	■	United Virginia Bankshares (Dec)	3,925,577	465,826	224,091	35,761
458	338	135	167	Upjohn (Dec)	1,940,485	1,903,048	1,619,864	181,764
169	276	203	187	USF&G (Dec)	4,748,810	2,336,648	1,168,554	168,566
279	■	490	331	USLIFE (Dec)	3,077,834	865,479	485,231	98,464
374	■	318	279	Utah Power & Light (Dec)	2,432,646	663,989	797,869	113,344
■	278	471	334	Valero Energy (Dec)	1,106,199	2,333,103	511,028	97,289
120	■	■	■	Valley National (Dec)	6,136,387	759,760	383,611	54,481
98	299	190	117	Virginia Electric & Power (Dec)	7,057,831	2,161,853	1,231,024	237,780
268	■	■	■	Virginia National Bankshares (Dec)	3,214,302	380,158	140,564	27,561
■	■	407	410	Vulcan Materials (Dec)	675,498	783,290	619,974	78,244
114	■	■	■	Wachovia (Dec)	6,265,890	720,835	389,636	51,842
■	259	163	384	Wal-Mart Stores (Jan)	937,513	2,495,529	1,376,788	82,794
■	427	■	■	Waldbaum (Dec)	240,964	1,375,787	43,718	10,376
■	357	■	■	Walgreen (Aug)	521,041	1,743,471	362,896	42,127
■	■	95	412	Wang Laboratories (June)	894,694	856,376	1,985,657	78,073
338	202	51	125	Warner Communications (Dec)	2,673,641	3,237,153	3,404,555	226,493
297	181	120	■	Warner-Lambert (Dec)	2,963,101	3,379,952	1,772,791	9,222
278	■	■	■	Washington National (Dec)	3,120,609	831,779	210,635	32,228
■	■	151	379	Waste Management (Dec)	832,701	772,690	1,453,170	84,033
27	194	410	255	Wells Fargo (Dec)	23,219,189	3,306,397	614,295	123,988
■	465	■	■	West Point-Pepperell (Aug)	623,413	1,221,533	229,208	41,053
■	■	236	318	Western Company of North America (Dec)	1,122,943	725,691	1,061,578	101,376
419	■	■	■	Western Financial (Dec)	2,180,672	225,525	18,830	–25,526
473	■	406	481	Western Union (Dec)	1,868,587	906,652	621,741	59,039
79	47	84	52	Westinghouse Electric (Dec)	8,316,200	9,367,500	2,174,921	438,000
■	386	409	321	Westvaco (Oct)	1,262,620	1,550,529	614,486	100,791
■	397	■	■	Wetterau (Mar)	307,439	1,503,223	89,100	16,038
127	126	44	119	Weyerhaeuser (Dec)	5,716,490	4,501,512	3,699,646	234,444
490	387	331	357	Wheelabrator-Frye (Dec)	1,759,637	1,548,332	771,437	91,350
■	481	■	■	Wheeling-Pittsburgh Steel (Dec)	1,119,485	1,151,112	121,024	31,543
■	267	277	251	Whirlpool (Dec)	1,133,972	2,437,091	920,224	125,560
■	297	■	471	White Consolidated Industries (Dec)	1,268,300	2,172,772	363,025	62,032
452	■	■	■	Whitney Holding (Dec)	1,977,768	217,067	360,422	31,347
■	366	461	438	Whittaker (Oct)	867,095	1,671,837	526,788	69,328
461	138	■	■	[14]Wickes Cos (Jan)	1,932,468	4,244,977	133,184	11,217
371	325	314	294	Williams Companies (Dec)	2,445,877	1,976,336	815,009	109,540
■	279	■	■	Wilson Foods (July)	269,547	2,325,943	27,456	–36,987
■	81	340	342	Winn-Dixie Stores (June)	924,776	6,200,167	758,949	95,395
392	480	431	306	Wisconsin Electric Power (Dec)	2,315,384	1,152,383	576,474	105,502
■	443	■	■	Witco Chemical (Dec)	725,360	1,291,878	225,889	38,580
275	64	450	387	F W Woolworth (Jan)	3,141,965	7,223,241	545,940	81,872
■	■	■	493	Wyman-Gordon (Dec)	384,584	610,302	415,316	57,220
89	53	50	31	Xerox (Dec)	7,674,000	8,691,000	3,422,574	598,200
■	■	■	428	Zale (Mar)	702,373	828,709	228,123	72,732
■	■	421	388	Zapata (Sept)	1,014,240	463,003	598,985	81,742
■	344	■	■	Zayre (Jan)	643,444	1,837,502	155,566	22,147
■	450	■	■	Zenith Radio (Dec)	743,200	1,275,200	210,385	15,600
446	■	■	■	Zions Utah Bancorporation (Dec)	2,011,028	260,000	148,306	20,546

■ Not on 500 list.

[14] Financial data as of 10/31/81. Company has estimated an $80 million loss for the fiscal year ending 1/31/82.

A Summary of the 500's Rankings

Cash flow ($000)	Share data: 1981 Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
617,066	75,332	NYSE	UT	3.47	1.64	21¾	Westwood, Kan	29.6	Paul H Henson
52,227	5,783	NASDAQ	UVBK	6.47	1.90	38¾	Richmond, Va	4.6	Joseph A Jennings
234,321	30,137	NYSE	UPJ	6.04	2.00	53¾	Kalamazoo, Mich	21.7	Ray T Parfet Jr
910,701	28,243	NYSE	FG	5.99	3.10	41⅜	Baltimore, Md	8.7	Jack Moseley
314,613	21,097	NYSE	USH	3.97	0.78	23	New York, NY	4.2	Gordon E Crosby Jr
187,222	44,636	NYSE	UTP	2.29	2.10	17⅞	Salt Lake City, Utah	4.2	Harry Blundell
153,184	22,340	NYSE	VLO	3.93	0.29	22⅞	San Antonio, Tex	1.8	William E Greehey
88,797	16,862	NASDAQ	VNCP	3.24	1.09	22¾	Phoenix, Ariz	7.0	Gilbert F Bradley
497,791	104,768	NYSE	VEL	1.77	1.43	11¾	Richmond, Va	11.0	T Justin Moore Jr
47,196	7,302	NASDAQ	VNAT	3.83	1.25	19¼	Norfolk, Va	4.4	Clifford A Cutchins III
136,277	11,481	NYSE	VMC	6.76	2.20	54	Birmingham, Ala	5.9	W Houston Blount
73,304	14,986	NYSE	WB	3.23	1.05	26	Winston-Salem, NC	6.0	John G Medlin Jr
115,775	32,395	NYSE	WMT	2.50	0.25	42½	Bentonville, Ark	34.5	Sam M Walton
26,673	2,610	NASDAQ	WALD	3.98	none	16¾	Central Islip, NY	6.0	Ira Waldbaum
60,888	14,926	NYSE	WAG	2.91	0.91	24⅜	Deerfield, Ill	29.5	Charles R Walgreen III
134,148	59,719	ASE	WAN B	1.36	0.12	33¼	Lowell, Mass	13.8	An Wang
274,939	62,042	NYSE	WCI	3.57	0.68	54⅞	New York, NY	17.5	Steven J Ross
185,457	79,676	NYSE	WLA	0.12	1.34	22¼	Morris Plains, NJ	45.0	Ward S Hagan
149,550	10,733	NYSE	WNT	2.79	1.06	19⅝	Evanston, Ill	6.3	Stanley P Hutchison
155,812	42,898	NYSE	WMX	1.95	0.35	33⅞	Oak Brook, Ill	11.5	Dean L Buntrock
218,684	24,090	NYSE	WFC	5.33	1.92	25½	San Francisco, Cal	17.8	Richard P Cooley
71,641	10,020	NYSE	WPM	4.23	1.70	22⅞	West Point, Ga	22.9	Joseph L Lanier Jr
180,031	44,698	NYSE	WSN	2.28	0.16	23¾	Fort Worth, Tex	6.5	John A Fanning
–42,632	2,152	ASE	WFN	–11.81	0.26	8¾	Phoenix, Ariz	0.9	Gary H Driggs
213,208	17,034	NYSE	WU	3.10	1.40	36½	Upper Saddle River, NJ	13.3	Robert M Flanagan
625,700	85,291	NYSE	WX	5.10	1.80	25½	Pittsburgh, Pa	147.8	Robert E Kirby
193,307	26,010	NYSE	W	3.95	1.15	23⅝	New York, NY	15.3	David L Luke III
26,643	7,200	NASDAQ	WETT	2.13	0.75	12⅜	Hazelwood, Mo	4.0	Ted C Wetterau
679,832	127,574	NYSE	WY	1.67	1.30	29	Tacoma, Wash	44.3	George H Weyerhaeuser
97,197	17,483	NYSE	WFI	4.78	1.60	44⅛	Hampton, NH	24.0	Michael D Dingman
81,906	3,968	NYSE	WHX	7.03	none	30½	Pittsburgh, Pa	11.4	Dennis J Carney
159,767	36,265	NYSE	WHR	3.46	1.60	25⅜	Benton Harbor, Mich	21.2	John H Platts
98,175	13,322	NYSE	WSW	4.34	1.48	27¼	Cleveland, Ohio	27.0	Roy H Holdt
41,656	2,139	OTC	–	14.65	6.25	168½	New Orleans, La	0.8	Patrick A Delaney
89,248	15,725	NYSE	WKR	4.40	1.40	33½	Los Angeles, Cal	16.8	Joseph F Alibrandi
33,208	14,562	NYSE	WIX	0.83	0.76	9¼	San Diego, Cal	38.0	Sanford C Sigoloff
262,119	29,772	NYSE	WMB	3.67	1.20	27⅜	Tulsa, Okla	7.3	Joseph H Williams
–20,130	4,881	NASDAQ	WILF	–7.58	none	5⅝	Oklahoma City, Okla	9.9	Kenneth J Griggy
185,256	24,782	NYSE	WIN	3.67	2.04	30⅝	Jacksonville, Fla	61.9	Bert L Thomas
235,467	21,155	NYSE	WPC	4.39	2.64	27¼	Milwaukee, Wisc	6.1	Charles S McNeer
78,474	9,315	NYSE	WIT	4.14	1.65	24¼	New York, NY	8.3	William Wishnick
152,515	30,330	NYSE	Z	2.64	1.80	18	New York, NY	198.8	Edward F Gibbons
77,233	19,095	NASDAQ	WYMN	3.05	0.70	21¾	Worcester, Mass	4.8	Joseph R Carter
1,908,500	84,508	NYSE	XRX	7.08	2.95	40½	Stamford, Conn	120.7	C Peter McColough
29,228	10,863	NYSE	ZAL	6.18	1.19	21	Dallas, Tex	12.6	Donald Zale
178,847	21,203	NYSE	ZOS	3.81	0.40	28¼	Houston, Tex	6.6	B John Mackin
46,922	5,411	NYSE	ZY	4.05	0.38	28¾	Framingham, Mass	32.0	Maurice Segall
43,200	18,911	NYSE	ZE	0.82	0.53	11⅛	Glenview, Ill	26.5	Revone W Kluckman
29,648	5,114	NASDAQ	ZION	3.60	0.80	29	Salt Lake City, Utah	1.6	Roy W Simmons

All share data adjusted for stock splits and stock dividends through May 10, 1982.

General notes: 1) List includes U.S.-based publicly owned companies. 2) Sales figures exclude excise taxes. 3) Market value is derived by multiplying the Dec. 31, 1981 closing price of the common stock by the number of shares outstanding at that date. 4) Net profits, cash flow and primary earnings include discontinued operations before extraordinary items. 5) Cash flow is total funds provided from operations. 6) Indicated dividend is shown for companies formed due to spin-offs. 7) 1981 figures were used for those February fiscal-year companies for which 1982 results were not available at press time.

Ranking The Forbes 500's—Jobs And Productivity

Since 1979 the ten largest employers have cut back their payrolls by nearly a quarter of a million. The big question is whether they have become more productive as a result.

Slimming down at the top

THIS TABLE RANKS THE 798 COMPANIES that appear on the other FORBES lists by a different criterion: the number of people they employ. As a group, these businesses provide some 22.4 million jobs in the U.S. and overseas. That's an impressive number, but the proportion of total jobs provided by the big corporations on our list seems to be declining.

You can see the change at the top. With a few minor differences in position, the same corporations regularly lead this list. But the first ten firms provided jobs for 243,600 more people in 1979 than they do today.

The declining auto industry accounts for much of this trend. Ford and General Motors employ 15% fewer workers than they did two years ago. Other names on the reduced work force roster, however, may surprise you. General Electric, for example, sent out some 1,000 more paychecks in 1979 than it now does. Of the top ten employers, only AT&T, IBM and K mart have added to their employee ranks during the period.

The most important numbers in this table, of course, are in the last two columns of each company listing. That's where you can get an indication of productivity per employee. At the extremes, these figures can be misleading. Small energy companies, such as Mesa Petroleum and Pogo Producing, regularly lead the pack, largely because they have lots of assets and minimal operating staffs. On the other hand, labor-intensive businesses like retailers and supermarkets typically score near the bottom for similar reasons.

Per-employee statistics can be very useful in the great middle ground, especially when it comes to making crude comparisons of companies. Take Firestone and Goodyear, for example. They are in similar businesses and have almost the same asset base standing behind each employee. Goodyear, however, manages to wring 19.9% more sales and 12.5% more profits out of each worker. No wonder its five-year return on equity is 9.8%, while Firestone's is only 0.9%.

To use this table effectively, check the per-person assets, sales and profitability figures for companies you are interested in against the results of their competitors. The numbers give a rough idea of how efficiently a business uses its people. Any management that doesn't stack up well probably faces—or soon will face—major problems.

Rank	Company	Employees (000)	Per employee ($000)		
			Sales (rank)	Profits (rank)	Assets (rank)
1	**American Tel & Tel**	1,042.1	55.9 (731)	6.6 (393)	132.2 (400)
2	**General Motors**	740.9	84.6 (551)	0.4 (749)	52.5 (624)
3	**Ford Motor**	404.8	94.5 (499)	–2.6 (770)	56.8 (595)
4	**General Electric**	404.0	67.4 (668)	4. (519)	51.8 (632)
5	**Sears Roebuck**	395.0	69.0 (654)	1.5 (708)	87.4 (478)
6	**IBM**	348.1	83.5 (560)	9.5 (269)	85.0 (486)
7	**Intl Tel & Tel**	336.0	69.0 (654)	1.9 (670)	86.2 (493)
8	**K mart**	268.0	61.7 (706)	0.8 (734)	24.9 (758)
9	**Mobil**	209.6	307.7 (90)	11.6 (221)	165.9 (369)
10	**General Tel & Elec**	202.5	54.5 (740)	3.6 (556)	104.3 (439)
11	**F W Woolworth**	198.8	36.3 (788)	0.4 (749)	15.8 (794)
12	**United Technologies**	195.0	70.1 (646)	2.3 (641)	38.8 (707)
13	**J C Penney**	193.7	61.2 (709)	2.0 (664)	38.0 (712)
14	**Exxon**	180.0	600.6 (25)	30.9 (55)	349.6 (306)
15	**E I du Pont**	156.7	145.4 (289)	6.9 (380)	152.0 (383)
16	**Safeway Stores**	153.7	107.9 (436)	0.7 (740)	24.0 (772)
17	**United States Steel**	149.6	93.2 (505)	7.2 (363)	89.0 (471)
18	**Westinghouse Elec**	147.8	63.4 (696)	3.0 (594)	56.3 (597)
19	**Goodyear**	138.0	66.3 (674)	1.8 (676)	38.8 (707)
20	**Eastman Kodak**	133.0	77.8 (594)	9.3 (277)	71.0 (531)
21	**McDonald's**	126.9	19.5 (797)	2.1 (656)	22.8 (778)
22	**RCA**	126.0	71.4 (636)	0.4 (749)	104.8 (437)
23	**Kroger**	126.0	89.4 (527)	1.0 (727)	19.1 (791)
24	**Gulf & Western Inds**	122.0	60.5 (713)	2.4 (634)	103.8 (442)
25	**Xerox**	120.7	72.0 (633)	5.0 (473)	63.6 (559)
26	**PepsiCo**	120.0	58.6 (722)	2.8 (603)	33.8 (737)
27	**Federated Dept Stores**	118.7	59.5 (716)	2.2 (648)	34.5 (734)
28	**Union Carbide**	113.2	89.8 (523)	5.7 (443)	92.1 (464)

Ranking The Forbes 500's—Jobs And Productivity

		Employees	Per employee ($000)		
Rank	Company	(000)	Sales (rank)	Profits (rank)	Assets (rank)
29	Halliburton	112.1	75.9 (605)	6.0 (419)	49.8 (648)
30	ARA Services	108.0	27.0 (795)	0.4 (749)	10.5 (798)
31	Rockwell Intl	105.8	66.5 (672)	2.8 (603)	45.4 (669)
32	Boeing	105.3	93.0 (507)	4.5 (499)	66.0 (546)
33	Tenneco	104.5	147.9 (279)	7.8 (330)	160.8 (371)
34	Honeywell	97.1	55.1 (736)	2.6 (616)	44.6 (674)
35	Trans World	95.0	55.4 (732)	0.4 (749)	35.8 (729)
36	TRW	93.0	56.8 (730)	2.5 (625)	33.6 (738)
37	Sperry	91.5	59.3 (719)	3.4 (568)	57.3 (588)
38	W R Grace	90.4	72.2 (630)	4.0 (529)	55.6 (604)
39	Minn Mining & Mfg	89.2	73.0 (619)	7.6 (347)	60.8 (569)
40	Dart & Kraft	88.5	115.4 (397)	3.9 (535)	57.1 (594)
41	Chrysler	87.8	123.2 (355)	–5.4 (776)	71.4 (527)
42	Household Intl	87.5	83.2 (565)	1.6 (697)	96.0 (459)
43	Consolidated Foods	87.0	64.6 (687)	1.6 (697)	26.2 (764)
44	Texas Instruments	86.8	48.5 (767)	1.3 (718)	26.6 (763)
45	R J Reynolds Inds	84.6	115.4 (397)	9.1 (290)	95.7 (460)
46	Bethlehem Steel	83.8	87.1 (537)	2.5 (625)	63.0 (560)
47	Caterpillar Tractor	83.5	109.7 (423)	6.9 (380)	87.3 (480)
48	Beatrice Foods	82.0	107.0 (440)	3.7 (550)	51.7 (633)
49	General Dynamics	81.8	61.9 (704)	1.5 (708)	28.5 (754)
50	BankAmerica	81.3	185.5 (216)	5.5 (449)	1490.3 (62)
51	Firestone	78.9	55.3 (733)	1.6 (697)	38.3 (710)
52	McDonnell Douglas	78.4	94.2 (500)	2.3 (641)	55.7 (603)
53	Raytheon	77.2	73.0 (619)	4.2 (516)	43.6 (681)
54	Johnson & Johnson	77.1	70.0 (647)	6.1 (416)	49.6 (649)
55	Litton Industries	77.0	64.2 (691)	4.0 (529)	47.9 (658)
56	Intl Harvester	76.4	92.2 (510)	–5.1 (775)	70.0 (536)
57	CSX	75.0	72.4 (627)	4.9 (476)	107.6 (435)
58	Marriott	74.6	26.8 (796)	1.2 (722)	19.5 (790)
59	Motorola	73.9	45.1 (773)	2.4 (634)	32.5 (743)
60	Lockheed	73.0	70.9 (638)	–4.3 (774)	28.9 (751)
61	Bendix	72.6	61.0 (711)	6.2 (412)	44.3 (678)
62	Philip Morris	72.0	115.4 (397)	9.4 (273)	128.4 (406)
63	Allied Stores	70.0	39.4 (784)	1.3 (718)	31.0 (749)
63	Dayton-Hudson	70.0	70.6 (641)	2.5 (625)	36.5 (719)
65	General Mills	68.6	70.7 (639)	2.9 (600)	33.5 (739)
66	Singer	68.5	41.4 (777)	0.6 (745)	23.0 (777)
67	City Investing	67.3	86.2 (546)	1.7 (689)	126.7 (408)
68	May Dept Stores	67.0	50.9 (758)	1.9 (670)	35.6 (730)
69	Texaco	66.7	863.5 (14)	34.6 (41)	411.9 (289)
70	NCR	66.5	51.6 (753)	3.1 (588)	50.9 (638)
71	Ralston Purina	66.5	78.6 (590)	2.6 (616)	33.4 (740)
72	Lucky Stores	66.0	109.1 (427)	1.4 (711)	23.1 (776)
73	Burlington Inds	64.5	50.6 (760)	1.8 (676)	34.3 (735)
74	UAL	64.0	80.3 (582)	–1.1 (763)	62.1 (564)
75	Armco	63.8	121.2 (367)	4.6 (492)	104.7 (438)
76	Signal Companies	63.8	84.8 (549)	3.4 (568)	57.7 (586)
77	Burroughs	62.1	53.4 (745)	2.4 (634)	71.5 (526)
78	American Stores	62.0	114.5 (403)	1.0 (727)	21.9 (782)
79	Winn-Dixie Stores	61.9	100.2 (472)	1.5 (708)	15.0 (795)
80	Great Atl & Pac Tea	61.5	113.7 (405)	–0.7 (760)	21.3 (783)
81	Deere	60.9	89.4 (527)	4.1 (519)	93.3 (461)
82	Procter & Gamble	60.5	188.7 (207)	11.0 (231)	115.1 (424)
82	Hewlett-Packard	60.5	59.1 (720)	5.2 (464)	45.6 (668)

		Employees	Per employee ($000)		
Rank	Company	(000)	Sales (rank)	Profits (rank)	Assets (rank)
82	Hospital Corp of Am	60.5	34.1 (790)	1.8 (676)	48.9 (655)
85	Dow Chemical	60.3	196.8 (189)	9.3 (277)	207.1 (353)
86	Nabisco Brands	60.0	97.0 (487)	4.4 (508)	57.2 (592)
87	Pillsbury	59.8	55.3 (733)	2.0 (664)	36.4 (720)
88	Monsanto	59.6	116.5 (392)	7.5 (354)	101.8 (449)
89	Digital Equipment	59.3	54.0 (742)	5.8 (432)	58.3 (582)
90	Control Data	58.8	70.7 (639)	2.8 (603)	117.3 (419)
91	Gulf Oil	58.7	481.3 (43)	21.0 (115)	348.0 (307)
92	Burlington Northern	58.6	84.3 (554)	4.6 (492)	96.9 (456)
93	McDermott	58.5	61.5 (707)	1.8 (676)	66.7 (544)
94	IC Industries	58.5	71.7 (635)	2.3 (641)	64.0 (558)
95	Standard Oil Ind	57.5	520.5 (35)	33.4 (47)	398.3 (292)
96	Citicorp	56.0	326.6 (84)	9.5 (269)	2131.0 (39)
97	American Express	55.9	129.1 (336)	9.3 (277)	449.5 (277)
98	Borg-Warner	55.7	49.6 (763)	3.1 (588)	39.3 (702)
99	Emerson Electric	55.2	62.1 (700)	5.0 (473)	39.9 (698)
100	Carter Hawley Hale	55.0	52.2 (750)	0.8 (734)	31.7 (747)
100	Textron	55.0	60.5 (713)	2.8 (603)	39.9 (698)
102	Interco	55.0	48.6 (766)	2.2 (648)	28.0 (755)
103	Owens-Illinois	54.9	72.4 (627)	2.8 (603)	55.9 (601)
104	Dresser Industries	54.9	84.1 (557)	5.8 (432)	59.6 (575)
105	Associated Dry Goods	54.8	50.3 (762)	1.3 (718)	28.4 (755)
106	Continental Group	54.7	105.9 (448)	4.4 (508)	102.6 (446)
107	Melville	53.9	51.2 (756)	2.5 (625)	21.1 (785)
108	LTV	53.5	140.4 (302)	7.6 (347)	81.0 (503)
109	Atlantic Richfield	53.0	524.5 (34)	31.5 (53)	372.3 (300)
109	General Foods	53.0	124.6 (349)	4.8 (480)	59.1 (580)
111	Southern Pacific	52.9	61.9 (704)	3.2 (581)	104.0 (441)
112	American Brands	52.5	86.5 (542)	7.4 (355)	119.3 (417)
113	Allied Corp	52.2	122.6 (359)	6.7 (386)	102.3 (448)
114	Kidde	51.5	55.3 (733)	1.9 (670)	36.4 (720)
115	United Brands	50.7	80.0 (583)	0.6 (745)	25.8 (765)
116	Greyhound	50.2	102.4 (459)	2.7 (611)	75.9 (515)
117	Eaton	49.6	63.8 (692)	1.7 (689)	47.0 (662)
118	American Home Prod	49.5	83.4 (563)	10.0 (255)	52.2 (627)
119	Southland	48.2	118.1 (383)	2.0 (664)	34.8 (733)
120	Teledyne	48.0	90.5 (516)	9.2 (283)	106.6 (436)
120	Levi Strauss	48.0	59.4 (717)	3.6 (556)	33.4 (740)
122	Ingersoll-Rand	47.4	71.3 (637)	4.1 (519)	56.5 (596)
123	Sun Company	46.9	320.0 (86)	22.9 (96)	252.0 (344)
124	American Can	46.8	103.3 (456)	1.6 (697)	60.6 (571)
125	Colgate-Palmolive	46.7	112.7 (409)	4.5 (499)	56.3 (597)
126	Combustion Eng	46.5	81.9 (574)	3.2 (581)	57.3 (588)
127	North Amer Philips	46.2	65.5 (682)	2.2 (648)	40.1 (696)
128	R H Macy	45.5	58.4 (724)	2.6 (616)	32.5 (743)
129	Holiday Inns	45.2	39.1 (786)	3.0 (594)	40.2 (694)
130	American Standard	45.1	54.9 (738)	2.5 (625)	34.9 (731)
131	Warner-Lambert	45.0	75.1 (609)	0.2 (757)	65.8 (548)
132	Alcoa	44.4	112.1 (410)	6.7 (386)	127.3 (407)
133	Weyerhaeuser	44.3	101.7 (463)	5.3 (459)	129.1 (405)
134	Georgia-Pacific	44.0	123.0 (356)	3.6 (556)	115.0 (425)
135	H J Heinz	43.5	82.0 (573)	3.8 (542)	47.7 (659)
136	American Airlines	42.3	97.1 (486)	0.4 (749)	88.4 (476)
137	American Cyanamid	42.2	86.4 (543)	4.7 (486)	72.6 (523)
138	Penn Central	42.1	79.5 (586)	4.0 (529)	80.6 (506)

Ranking The Forbes 500's—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Per employee ($000) Profits (rank)	Per employee ($000) Assets (rank)
139	Standard Oil Calif	41.8	1059.3 (10)	57.0 (13)	566.6 (231)
140	Pfizer	41.4	78.6 (590)	5.4 (455)	88.2 (477)
141	Occidental Petroleum	41.3	356.4 (70)	17.5 (149)	195.7 (355)
142	International Paper	41.0	121.5 (365)	12.8 (195)	135.1 (399)
143	Northwest Industries	41.0	76.1 (604)	10.2 (249)	60.7 (570)
144	Republic Steel	40.9	107.2 (438)	4.6 (492)	81.7 (501)
145	Champion Intl	40.6	98.7 (480)	2.5 (625)	84.9 (487)
146	Santa Fe Industries	40.5	83.1 (566)	6.0 (419)	115.4 (423)
147	Allegheny Intl	40.1	47.5 (772)	2.0 (664)	60.5 (572)
148	CIGNA	40.1	270.4 (112)	24.0 (83)	715.4 (193)
149	Standard Oil Ohio	39.8	338.1 (80)	48.9 (20)	395.5 (293)
150	Humana	39.8	33.8 (791)	2.3 (641)	37.8 (714)
151	Aetna Life & Cas	39.7	340.9 (75)	12.4 (203)	998.3 (135)
152	J P Stevens	39.6	51.3 (755)	–0.6 (758)	28.9 (751)
153	Coca-Cola	39.6	148.9 (276)	12.2 (208)	90.1 (468)
154	CPC International	39.4	110.4 (416)	5.5 (449)	62.6 (563)
155	Cooper Industries	39.2	73.1 (617)	7.3 (358)	59.6 (575)
156	Norton Simon	39.0	80.6 (580)	2.7 (611)	61.1 (568)
157	FMC	39.0	86.4 (543)	3.6 (556)	70.3 (535)
158	Campbell Soup	39.0	71.8 (634)	3.3 (575)	44.2 (679)
159	Eastern Air Lines	38.9	95.9 (493)	–1.7 (768)	75.5 (516)
160	Castle & Cooke	38.0	48.5 (767)	1.1 (726)	32.7 (742)
160	Wickes Cos	38.0	111.7 (412)	0.3 (756)	50.9 (638)
162	Natl Semiconductor	38.0	29.2 (793)	1.4 (711)	19.8 (789)
163	Martin Marietta	37.9	86.9 (540)	5.3 (459)	67.1 (542)
164	Genl Tire & Rubber	37.5	58.0 (725)	3.0 (594)	49.2 (652)
165	Delta Air Lines	37.4	94.6 (497)	3.9 (535)	61.7 (565)
166	Jewel Companies	37.1	137.7 (314)	2.7 (611)	37.2 (716)
167	B F Goodrich	37.0	86.1 (547)	2.5 (625)	73.1 (521)
168	Shell Oil	36.9	585.6 (26)	46.1 (25)	544.7 (241)
169	PPG Industries	36.6	91.6 (513)	5.8 (432)	80.7 (505)
170	Revlon	36.1	65.6 (680)	4.8 (480)	64.3 (555)
171	Fluor	35.7	169.9 (236)	4.5 (499)	123.9 (411)
172	Bristol-Myers	35.4	98.9 (479)	8.7 (302)	70.4 (534)
173	McGraw-Edison	35.3	68.9 (658)	2.4 (634)	50.0 (646)
174	Borden	35.2	125.4 (345)	4.5 (499)	71.3 (529)
174	Dana	35.2	77.0 (597)	3.3 (575)	55.9 (601)
176	Inland Steel	35.1	107.0 (440)	1.6 (697)	82.4 (497)
177	IU International	35.0	65.0 (685)	1.8 (676)	41.2 (688)
178	Wal-Mart Stores	34.5	72.3 (629)	2.4 (634)	27.2 (759)
178	Blue Bell	34.5	41.4 (777)	1.4 (711)	23.7 (773)
180	CBS	34.2	117.7 (380)	4.8 (481)	70.9 (532)
181	Reynolds Metals	34.2	101.8 (462)	2.5 (625)	96.5 (458)
182	Amer Hospital Supply	34.1	84.1 (557)	4.3 (513)	51.9 (629)
183	Merrill Lynch	34.1	118.4 (379)	6.0 (419)	518.6 (245)
184	Avon Products	34.0	76.9 (598)	6.5 (398)	46.1 (666)
185	Chase Manhattan	33.8	315.1 (87)	12.2 (208)	2302.9 (34)
186	Phillips Petroleum	33.5	477.3 (44)	26.3 (75)	336.7 (314)
187	Gillette	33.2	70.3 (644)	3.7 (550)	53.0 (619)
188	National Steel	33.0	138.4 (310)	2.6 (616)	306.5 (327)
189	Emhart	32.9	53.0 (747)	2.3 (641)	32.4 (745)
190	Zayre	32.0	57.4 (728)	0.7 (740)	20.1 (788)
190	Merck	32.0	91.5 (515)	12.4 (203)	103.4 (443)
190	Hilton Hotels	32.0	18.3 (798)	3.5 (562)	25.5 (766)
193	Union Pacific	31.9	200.0 (184)	12.9 (190)	222.7 (348)

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Per employee ($000) Profits (rank)	Per employee ($000) Assets (rank)
194	Kimberly-Clark	31.3	92.1 (511)	6.5 (398)	77.0 (511)
195	Abbott Laboratories	31.3	74.9 (610)	7.9 (326)	75.3 (517)
196	First Interstate	31.2	138.5 (309)	7.6 (347)	1185.4 (95)
197	Quaker Oats	31.2	83.5 (560)	3.4 (568)	46.7 (663)
198	Ogden	31.0	74.9 (610)	2.1 (656)	53.0 (619)
199	Boise Cascade	31.0	100.4 (469)	3.9 (535)	88.5 (475)
200	Baxter Travenol Labs	30.9	48.7 (764)	4.9 (476)	51.5 (635)
201	Northrop	30.8	64.6 (687)	1.6 (697)	40.8 (691)
202	Pan Am World Airways	30.3	125.2 (347)	–0.6 (758)	97.7 (454)
203	Celanese	30.2	124.4 (351)	4.8 (480)	99.2 (452)
204	Supermarkets General	30.0	100.0 (474)	1.0 (727)	21.2 (784)
205	Colt Industries	29.7	75.6 (608)	3.7 (550)	50.3 (644)
206	United Telecom	29.6	76.2 (602)	8.8 (299)	156.0 (376)
207	Walgreen	29.5	59.1 (720)	1.4 (711)	17.7 (793)
207	Ashland Oil	29.5	314.0 (88)	3.1 (588)	138.9 (395)
209	Crown Zellerbach	29.5	106.8 (443)	2.6 (616)	88.6 (474)
210	Esmark	29.4	104.6 (452)	3.2 (581)	59.3 (578)
211	Corning Glass Works	29.4	54.5 (740)	3.3 (575)	55.0 (609)
212	Travelers	29.2	335.8 (82)	12.3 (207)	821.8 (169)
213	Albertson's	29.0	120.0 (371)	1.7 (689)	24.5 (769)
214	Loews	28.8	153.3 (267)	9.2 (283)	344.5 (309)
215	St Regis Paper	28.8	98.0 (483)	6.2 (412)	97.0 (455)
216	Southern Company	28.4	149.6 (275)	11.5 (223)	436.5 (280)
217	Eli Lilly	28.4	97.8 (484)	13.2 (187)	102.4 (447)
218	Grumman	28.2	67.9 (665)	0.7 (740)	38.1 (711)
219	Fruehauf	28.1	77.5 (595)	0.8 (734)	55.5 (607)
220	Gould	28.0	66.3 (674)	3.4 (568)	57.2 (592)
221	Heublein	27.8	57.2 (729)	3.2 (581)	40.3 (693)
222	Transamerica	27.7	150.0 (273)	8.0 (321)	326.4 (318)
223	Morrison-Knudsen	27.5	74.8 (612)	1.3 (718)	28.6 (753)
224	SCM	27.5	70.5 (642)	2.1 (656)	39.2 (704)
225	Schering-Plough	27.2	66.5 (672)	6.6 (393)	84.0 (489)
226	Manville	27.0	81.0 (578)	2.2 (648)	85.1 (485)
227	White Consolidated	27.0	80.6 (580)	2.3 (641)	47.1 (661)
228	Times Mirror	27.0	79.1 (588)	5.6 (447)	71.1 (530)
229	Pitney Bowes	26.9	52.6 (748)	2.6 (616)	45.2 (672)
230	Allis-Chalmers	26.8	76.3 (601)	–1.1 (763)	59.5 (577)
231	Natl Medical Entrprs	26.8	33.4 (792)	1.9 (670)	32.4 (745)
232	Uniroyal	26.7	84.7 (550)	1.7 (689)	54.6 (612)
233	Pacific Gas & Elec	26.6	232.7 (154)	21.2 (114)	464.5 (271)
234	General Instrument	26.6	36.0 (789)	3.4 (568)	29.1 (750)
235	American Elec Power	26.5	158.1 (260)	13.9 (181)	436.1 (281)
236	Jack Eckerd	26.5	66.1 (677)	3.0 (594)	24.3 (770)
236	Zenith Radio	26.5	48.1 (771)	0.6 (745)	28.0 (756)
238	Avco	26.5	87.9 (533)	2.7 (611)	229.1 (347)
239	Security Pacific	26.4	159.5 (256)	7.8 (330)	1248.0 (86)
240	General Signal	26.3	64.7 (686)	4.5 (499)	46.5 (665)
241	Kaiser Alum & Chem	26.3	122.9 (357)	5.1 (466)	146.1 (388)
242	Stop & Shop	26.0	83.4 (563)	0.9 (730)	18.0 (792)
243	Dun & Bradstreet	25.9	51.4 (754)	4.7 (486)	84.9 (731)
244	Sterling Drug	25.7	69.7 (649)	5.1 (466)	49.2 (652)
245	Mfrs Hanover	25.6	292.5 (99)	9.9 (257)	2312.9 (33)
246	Brunswick	25.5	42.6 (776)	2.6 (616)	40.6 (692)
246	Brown Group	25.5	52.5 (749)	2.2 (648)	23.2 (774)
246	Time Inc	25.5	129.3 (335)	5.8 (432)	108.0 (434)

Ranking The Forbes 500's—Jobs And Productivity

		Employees	Per employee ($000)		
Rank	Company	(000)	Sales (rank)	Profits (rank)	Assets (rank)
249	Gannett	25.0	54.7 (739)	6.9 (380)	57.9 (583)
250	Harris Corp	25.0	62.2 (698)	4.2 (516)	52.7 (621)
251	Norton	24.9	53.7 (744)	3.8 (542)	41.0 (690)
252	Walt Disney	24.5	41.0 (780)	5.0 (473)	65.7 (549)
253	Mead	24.4	118.8 (377)	4.4 (508)	89.9 (469)
254	Dillon Companies	24.1	103.6 (454)	1.7 (689)	20.7 (786)
255	Lear Siegler	24.0	63.7 (694)	3.2 (581)	36.0 (726)
256	Tandy	24.0	70.5 (642)	7.1 (370)	39.0 (706)
256	Wheelabrator-Frye	24.0	64.5 (690)	3.8 (542)	73.3 (520)
258	Tektronix	24.0	44.3 (775)	3.3 (575)	39.8 (700)
259	Amfac	24.0	89.7 (526)	1.8 (676)	57.3 (588)
260	Owens-Corning Fbrgls	23.8	99.8 (475)	2.1 (656)	67.3 (541)
261	Baker International	23.7	90.4 (517)	9.5 (269)	76.4 (513)
262	Jim Walter	23.5	90.3 (520)	0.8 (734)	154.0 (378)
262	Amer Medical Intl	23.5	38.9 (787)	2.2 (648)	41.9 (686)
264	West Point-Pepperell	22.9	53.3 (746)	1.8 (676)	27.2 (759)
265	Consolidated Edison	22.9	212.3 (176)	19.5 (128)	337.3 (313)
266	Hercules	22.9	119.0 (376)	6.0 (419)	87.4 (478)
267	Campbell Taggart	22.8	55.1 (736)	1.8 (676)	22.5 (780)
268	Squibb	22.5	67.7 (666)	4.9 (476)	86.7 (482)
269	Square D	22.4	51.2 (756)	4.6 (492)	36.3 (724)
270	Armstrong World Inds	22.2	62.1 (700)	2.1 (656)	42.3 (684)
271	Carnation	22.1	151.5 (271)	7.8 (330)	74.3 (519)
272	Norfolk & Western Ry	22.1	81.6 (576)	13.2 (187)	144.6 (390)
273	SmithKline Beckman	22.1	90.0 (521)	16.8 (156)	85.4 (484)
274	Cummins Engine	22.0	89.2 (529)	4.5 (499)	64.4 (553)
275	Continental Corp	21.9	158.3 (258)	9.3 (277)	368.6 (303)
276	Upjohn	21.7	87.7 (535)	8.4 (314)	89.4 (470)
277	Missouri Pacific	21.7	116.4 (393)	9.0 (296)	140.0 (394)
278	Timken	21.6	66.2 (676)	4.7 (486)	51.1 (636)
279	ENSERCH	21.5	156.5 (264)	9.2 (283)	125.2 (409)
280	American Intl Group	21.4	147.4 (282)	16.1 (162)	371.8 (301)
281	Whirlpool	21.2	114.9 (400)	5.9 (427)	53.5 (615)
282	AMF	21.2	60.0 (715)	1.4 (711)	44.9 (673)
283	Parker-Hannifin	21.2	52.2 (750)	3.0 (594)	36.7 (718)
284	Becton, Dickinson	21.1	50.6 (760)	3.6 (556)	47.7 (659)
285	American Motors	21.0	123.3 (354)	–6.5 (778)	52.4 (626)
286	Chesebrough-Pond's	21.0	72.9 (623)	5.5 (449)	50.5 (643)
287	NL Industries	20.9	117.7 (384)	15.1 (172)	109.8 (432)
288	Olin	20.7	96.9 (488)	4.5 (499)	78.4 (509)
289	Continental Tel	20.6	77.2 (596)	7.0 (373)	172.1 (364)
290	Southern Railway	20.6	87.0 (538)	10.3 (244)	167.7 (367)
291	Scott Paper	20.4	113.2 (406)	6.5 (398)	112.7 (429)
292	Kellogg	20.3	114.3 (404)	10.1 (253)	63.0 (560)
293	Sherwin-Williams	20.2	76.2 (602)	1.6 (697)	42.9 (683)
294	AMAX	20.2	138.9 (308)	11.5 (223)	270.3 (341)
295	Koppers	20.1	100.4 (469)	2.6 (616)	66.0 (546)
296	A C Nielsen	19.9	29.1 (794)	1.8 (676)	20.3 (787)
297	Black & Decker	19.9	72.1 (631)	3.3 (575)	58.7 (581)
298	Duke Power	19.8	96.2 (492)	16.9 (155)	329.1 (316)
299	Cities Service	19.6	436.8 (51)	–2.5 (769)	309.1 (326)
300	Revco D S	19.3	68.1 (663)	2.3 (641)	23.2 (774)
300	Johnson Controls	19.3	58.6 (722)	2.5 (625)	41.1 (689)
302	AMP	19.2	64.5 (689)	7.0 (373)	53.5 (615)
303	Marsh & McLennan	19.1	44.4 (774)	6.3 (408)	52.0 (628)
304	Knight-Ridder News	19.0	65.2 (684)	5.3 (459)	51.9 (629)
305	Union Oil California	19.0	566.5 (30)	41.7 (27)	400.3 (290)
306	Chemical New York	19.0	298.3 (95)	10.8 (237)	2368.0 (29)
307	Ryder System	18.9	102.9 (457)	3.9 (535)	93.1 (463)
308	Marshall Field	18.7	63.8 (692)	1.2 (722)	36.4 (720)
309	Roadway Express	18.6	60.8 (712)	3.9 (535)	34.0 (736)
310	Super Valu Stores	18.5	249.7 (126)	3.5 (562)	37.0 (717)
311	Mercantile Stores	18.5	68.6 (660)	3.1 (588)	38.5 (709)
312	Alco Standard	18.4	137.1 (316)	3.1 (588)	49.4 (651)
313	Fairchild Industries	18.4	73.0 (619)	3.5 (562)	49.2 (652)
314	Getty Oil	18.2	707.2 (21)	47.0 (23)	523.3 (244)
315	Anheuser-Busch Cos	18.0	213.2 (174)	12.0 (213)	159.4 (373)
316	Wells Fargo	17.8	185.5 (216)	7.0 (373)	1302.6 (78)
317	U S Gypsum	17.8	83.8 (559)	4.2 (516)	64.3 (555)
318	Diamond Intl	17.7	72.8 (624)	1.8 (676)	52.7 (621)
319	Libbey-Owens-Ford	17.6	69.7 (649)	0.7 (740)	50.7 (640)
320	Stanley Works	17.6	57.5 (727)	3.2 (581)	38.0 (712)
321	Anderson, Clayton	17.6	110.0 (418)	2.9 (600)	51.0 (637)
322	MCA	17.5	82.9 (567)	5.1 (466)	145.3 (389)
322	Warner Commun	17.5	185.0 (219)	12.9 (190)	152.8 (382)
324	EG&G	17.5	40.3 (782)	2.0 (664)	12.9 (797)
325	Crane	17.4	92.5 (508)	3.1 (588)	55.3 (608)
326	Hughes Tool	17.3	101.7 (463)	14.8 (175)	118.2 (418)
327	Rexnord	17.3	65.4 (683)	2.2 (648)	45.4 (669)
328	Consol Freightways	17.2	66.7 (671)	7.4 (355)	48.3 (657)
329	Polaroid	17.1	82.9 (567)	1.8 (676)	83.8 (490)
330	Foremost-McKesson	17.1	242.4 (143)	4.1 (519)	74.8 (518)
331	Commonwlth Edison	17.0	220.0 (167)	26.5 (74)	721.9 (192)
332	Evans Products	17.0	86.7 (541)	0.9 (730)	55.6 (604)
333	Petrolane	16.8	111.5 (413)	5.9 (427)	54.8 (610)
334	Beneficial Corp	16.8	138.4 (310)	–0.7 (760)	510.4 (248)
334	Whittaker	16.8	99.5 (477)	4.1 (519)	51.6 (634)
336	Foster Wheeler	16.7	100.1 (473)	3.8 (542)	57.4 (587)
337	Clark Equipment	16.4	82.7 (569)	1.8 (676)	63.0 (560)
338	Intel	16.4	48.2 (770)	1.7 (689)	53.3 (617)
339	G D Searle	16.3	57.8 (726)	6.4 (404)	67.1 (542)
339	Ex-Cell-O	16.3	69.0 (654)	3.5 (562)	44.2 (679)
341	Mattel	16.3	69.8 (648)	2.4 (634)	39.8 (700)
342	Pittston	16.1	138.4 (310)	2.7 (611)	83.4 (492)
343	Air Prods & Chems	16.0	98.1 (482)	7.9 (326)	117.3 (419)
344	Sundstrand	15.9	66.0 (678)	6.0 (419)	56.3 (597)
345	Cessna Aircraft	15.8	66.9 (670)	3.8 (542)	41.5 (687)
346	Harsco	15.8	73.3 (616)	3.9 (535)	44.4 (677)
347	Crocker National	15.8	168.1 (242)	4.0 (529)	1424.4 (68)
348	Union Camp	15.5	107.2 (438)	10.9 (233)	114.5 (426)
349	Akzona	15.5	76.5 (600)	0.7 (740)	53.9 (614)
350	Perkin-Elmer	15.3	72.7 (625)	5.1 (466)	54.7 (611)
351	Westvaco	15.3	101.2 (466)	6.6 (393)	82.4 (497)
352	Ethyl	15.2	115.8 (395)	6.0 (419)	83.2 (494)
353	R R Donnelley & Sons	15.1	82.4 (572)	5.2 (464)	57.3 (588)
354	Texas Utilities	15.0	182.7 (225)	24.0 (83)	487.5 (260)
355	Phelps Dodge	14.9	96.4 (490)	3.9 (535)	143.7 (392)
356	Louisiana-Pacific	14.8	69.4 (652)	1.8 (676)	82.1 (499)
357	Crown Cork & Seal	14.7	93.3 (504)	4.4 (508)	59.9 (573)
358	Republic Airlines	14.5	99.6 (476)	–3.2 (772)	79.4 (508)

Ranking The Forbes 500's—Jobs And Productivity

		Employees	Per employee ($000)		
Rank	Company	(000)	Sales (rank)	Profits (rank)	Assets (rank)
359	Data General	14.5	50.8 (759)	2.8 (603)	49.6 (649)
360	So New England Tel	14.4	69.6 (651)	7.6 (347)	131.2 (401)
361	So Calif Edison	14.4	282.3 (104)	34.1 (45)	607.7 (218)
362	Tiger International	14.4	113.1 (407)	–1.2 (766)	188.2 (356)
363	First Natl Supermkts	14.3	86.3 (545)	0.5 (748)	13.7 (796)
364	Giant Food	14.2	118.2 (381)	1.2 (722)	27.5 (758)
365	McGraw-Hill	14.2	77.9 (593)	6.9 (380)	61.7 (565)
366	Dravo	13.9	108.9 (428)	1.2 (722)	51.9 (629)
367	Wang Laboratories	13.8	62.1 (700)	5.7 (443)	64.8 (551)
368	Diamond Shamrock	13.7	245.6 (133)	8.8 (299)	219.4 (349)
369	Joy Manufacturing	13.7	80.0 (583)	6.4 (404)	61.6 (567)
370	Cincinnati Milacron	13.6	68.7 (659)	4.5 (499)	52.6 (623)
371	Lincoln National	13.6	221.0 (165)	9.8 (260)	666.0 (206)
372	Auto Data Processing	13.5	41.4 (777)	3.5 (562)	36.3 (724)
373	Central Tel & Utils	13.5	75.8 (606)	7.8 (330)	151.2 (384)
374	NLT	13.4	61.4 (708)	9.3 (277)	344.7 (308)
375	Storage Technology	13.4	69.0 (654)	6.2 (412)	80.2 (507)
376	Rohm & Haas	13.3	141.3 (299)	7.0 (373)	101.1 (451)
377	Western Union	13.3	68.1 (663)	4.4 (506)	140.3 (393)
378	Amer Broadcasting	13.2	183.4 (220)	11.1 (229)	120.3 (414)
379	National Distillers	13.0	130.8 (331)	10.5 (240)	131.1 (402)
380	Kemper	13.0	159.7 (254)	6.2 (412)	291.5 (332)
380	Dillingham	13.0	125.2 (347)	2.1 (656)	64.3 (555)
382	Dover	13.0	78.9 (589)	7.4 (355)	43.2 (682)
383	Northwest Airlines	12.9	143.5 (296)	0.8 (734)	115.5 (422)
384	Richardson-Vicks	12.9	84.3 (554)	6.4 (404)	59.2 (579)
385	Middle South Utils	12.8	215.7 (170)	21.9 (105)	647.4 (209)
386	Stauffer Chemical	12.8	134.9 (320)	11.7 (220)	159.0 (374)
387	Consumers Power	12.7	214.7 (171)	19.5 (128)	539.8 (242)
388	Pub Svc Elec & Gas	12.6	274.6 (109)	20.9 (116)	575.2 (227)
389	Zale	12.6	65.6 (680)	5.8 (432)	55.6 (604)
390	ASARCO	12.5	122.5 (360)	4.0 (529)	167.4 (368)
390	Federal Co	12.5	88.0 (532)	1.6 (697)	25.4 (767)
390	Northwest Bancorp	12.5	152.3 (269)	8.0 (321)	1211.3 (92)
393	Continental Illinois	12.5	503.5 (39)	20.4 (122)	3762.3 (13)
394	Oak Industries	12.5	40.6 (781)	2.4 (634)	48.8 (656)
395	Newmont Mining	12.5	72.5 (626)	6.5 (398)	155.2 (377)
396	Hershey Foods	12.4	116.7 (389)	6.5 (398)	64.9 (550)
397	Hammermill Paper	12.4	113.1 (407)	3.8 (542)	68.0 (539)
398	Bankers Trust NY	12.1	384.4 (63)	15.5 (168)	2824.7 (20)
399	Gt Northern Nekoosa	12.1	123.4 (353)	7.8 (330)	108.1 (433)
400	First Natl Boston	12.1	244.6 (135)	9.8 (260)	1394.9 (69)
401	Avnet	12.0	109.7 (423)	5.7 (443)	53.3 (617)
401	Fischbach	12.0	93.2 (505)	1.9 (670)	36.4 (720)
401	CBI Industries	12.0	76.7 (599)	7.0 (373)	84.4 (488)
404	National Can	12.0	128.1 (340)	2.1 (656)	64.4 (553)
405	Houston Natural Gas	11.9	244.2 (138)	20.1 (125)	185.1 (359)
406	Columbia Gas System	11.8	373.9 (66)	16.5 (158)	390.0 (295)
407	General Public Utils	11.8	175.6 (231)	1.7 (689)	429.8 (283)
408	J P Morgan	11.7	579.6 (28)	29.7 (62)	4576.9 (6)
409	Smith International	11.7	102.3 (461)	11.4 (226)	88.7 (473)
410	Genuine Parts	11.6	136.1 (318)	6.7 (386)	50.3 (644)
411	Florida Power & Lt	11.6	266.1 (117)	19.3 (130)	527.4 (243)
412	Rollins	11.6	39.2 (785)	3.8 (542)	27.0 (762)
412	Amer Nat Resources	11.6	249.7 (126)	11.9 (217)	328.3 (317)
414	Waste Management	11.5	67.2 (669)	7.3 (358)	72.4 (524)
415	Wheeling-Pitts Steel	11.4	100.6 (468)	2.8 (603)	97.9 (453)
416	Farmers Group	11.4	48.7 (764)	10.5 (240)	136.9 (397)
417	Texas Gas Transmn	11.3	234.2 (152)	11.6 (221)	153.1 (380)
418	Malone & Hyde	11.3	190.0 (200)	1.6 (697)	35.9 (728)
419	Kerr-McGee	11.2	340.3 (77)	18.8 (134)	303.7 (329)
420	Electronic Data Sys	11.2	40.2 (783)	3.4 (568)	22.8 (778)
421	Braniff Intl	11.1	106.7 (445)	–14.4 (783)	90.5 (466)
422	Va Electric & Power	11.0	195.9 (193)	21.5 (110)	639.6 (212)
423	PACCAR	11.0	157.7 (262)	7.7 (339)	77.1 (510)
424	Bausch & Lomb	11.0	48.5 (767)	0.9 (730)	39.2 (704)
424	Raymond Intl	11.0	99.3 (478)	1.4 (711)	37.5 (715)
426	E F Hutton Group	11.0	131.7 (327)	7.2 (363)	514.0 (247)
427	Safeco	10.9	131.7 (327)	10.1 (253)	248.3 (345)
428	Detroit Edison	10.9	188.5 (209)	21.5 (110)	606.4 (219)
429	First Chicago	10.8	399.0 (58)	10.9 (233)	3095.3 (17)
430	InterNorth	10.8	339.3 (79)	22.6 (98)	353.7 (304)
431	Morton-Norwich	10.8	89.1 (530)	4.9 (476)	64.8 (551)
432	Marine Midland Bks	10.6	233.5 (153)	7.6 (347)	1756.2 (49)
433	Cameron Iron Works	10.6	87.4 (536)	10.3 (244)	102.9 (445)
434	Intl Minerals & Chem	10.6	187.3 (211)	14.5 (176)	186.3 (357)
435	U S Air	10.6	105.0 (451)	4.8 (480)	83.4 (492)
436	Pennzoil	10.3	259.8 (120)	21.5 (110)	290.5 (333)
437	GATX	10.2	116.6 (391)	6.7 (386)	282.1 (336)
438	Baldwin-United	10.2	244.3 (136)	7.8 (330)	486.0 (261)
439	Central Soya	10.2	194.5 (196)	2.0 (664)	57.8 (584)
440	First Bank System	10.0	178.4 (228)	9.6 (268)	1485.8 (65)
441	Paine Webber	9.9	103.7 (453)	1.6 (697)	323.7 (319)
442	Wilson Foods	9.9	234.9 (151)	–3.7 (773)	27.2 (759)
443	Niagara Mohawk Pwr	9.8	219.5 (168)	22.5 (99)	426.2 (285)
444	Potlatch	9.8	89.9 (522)	5.9 (427)	121.2 (413)
444	Crum & Forster	9.8	196.6 (190)	18.0 (144)	424.9 (286)
446	Phila Electric	9.8	248.9 (129)	28.4 (66)	644.9 (210)
447	Deluxe Check Printers	9.7	51.7 (752)	5.5 (449)	31.4 (748)
448	Lone Star Industries	9.7	94.6 (497)	5.8 (432)	121.4 (412)
449	Masco	9.7	90.4 (517)	9.1 (290)	96.9 (456)
450	Pacific Lighting	9.7	346.6 (73)	12.7 (196)	279.4 (337)
451	Bally Manufacturing	9.7	89.8 (523)	8.5 (310)	73.1 (521)
452	ConAgra	9.5	144.5 (292)	2.8 (603)	52.5 (624)
453	Toys "R" Us	9.5	82.5 (571)	5.1 (466)	46.6 (664)
454	Eastern Gas & Fuel	9.5	122.5 (360)	6.4 (404)	129.3 (403)
454	Irving Bank	9.5	252.9 (125)	10.3 (244)	1928.8 (44)
456	St Paul Companies	9.4	209.8 (180)	17.0 (153)	489.6 (259)
457	Pantry Pride	9.3	132.5 (325)	–1.1 (763)	24.1 (771)
458	Pneumo	9.2	118.3 (380)	1.9 (670)	40.1 (696)
459	Houston Industries	9.2	338.1 (80)	23.6 (89)	571.3 (230)
460	Parsons	9.2	129.5 (334)	4.1 (519)	45.3 (671)
461	Amerada Hess	9.0	1041.1 (11)	23.6 (89)	700.5 (197)
462	Browning-Ferris Inds	9.0	73.4 (615)	5.4 (455)	66.2 (545)
463	Fleming Companies	9.0	378.9 (65)	2.9 (600)	45.8 (667)
464	Geosource	8.9	81.9 (574)	6.6 (393)	59.9 (573)
465	Charter	8.9	556.1 (31)	0.9 (730)	174.2 (362)
466	Tecumseh Products	8.8	92.3 (509)	6.7 (386)	50.0 (646)
467	Baltimore Gas & Elec	8.8	161.6 (251)	17.0 (153)	371.4 (302)
468	American Natl Ins	8.8	73.1 (617)	8.1 (320)	337.6 (311)

Ranking The Forbes 500's—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
469	Pacific Pwr & Lt	8.8	146.6 (285)	19.1 (132)	457.1 (274)
470	USF&G	8.7	268.2 (114)	19.3 (130)	545.0 (240)
471	Engelhard	8.6	254.9 (124)	8.3 (315)	82.0 (500)
472	Central & South West	8.5	242.7 (142)	24.1 (80)	548.2 (238)
473	American General	8.4	285.5 (102)	20.2 (123)	965.8 (140)
474	Witco Chemical	8.3	155.4 (266)	4.6 (492)	87.3 (480)
475	El Paso	8.3	473.8 (46)	17.8 (147)	449.8 (275)
476	Amstar	8.1	244.8 (134)	9.1 (290)	83.1 (495)
477	Federal Express	8.1	73.0 (619)	7.3 (358)	70.6 (533)
478	Raychem	8.0	66.0 (678)	4.5 (499)	56.1 (600)
479	Gelco	7.9	108.0 (435)	6.5 (398)	276.7 (338)
480	Northeast Utilities	7.9	210.7 (179)	12.1 (211)	502.9 (251)
481	Penn Power & Light	7.9	144.3 (293)	29.5 (64)	638.2 (213)
482	George A Hormel	7.8	182.7 (225)	3.5 (562)	54.2 (613)
483	Seafirst	7.8	182.7 (225)	9.8 (260)	1378.5 (71)
484	Chubb	7.7	182.9 (224)	13.4 (186)	378.2 (299)
485	Cabot	7.7	212.1 (177)	14.4 (179)	164.6 (370)
486	Bank of New York	7.6	196.2 (191)	7.6 (347)	1504.1 (61)
487	Ohio Edison	7.6	168.7 (239)	24.1 (80)	587.4 (222)
488	M/A-Com	7.5	68.3 (661)	5.3 (459)	68.7 (537)
489	Consol Natural Gas	7.5	364.3 (68)	20.2 (123)	379.2 (298)
490	Alexander & Alexander	7.5	61.1 (710)	7.7 (339)	113.7 (428)
491	Capital Holding	7.4	136.4 (317)	13.5 (184)	483.9 (263)
492	No States Power	7.3	174.7 (232)	17.4 (151)	390.1 (294)
493	Panhandle Eastern	7.3	447.4 (50)	35.8 (37)	558.7 (234)
494	Williams Companies	7.3	272.6 (111)	15.1 (172)	337.4 (312)
495	Mellon National	7.2	314.0 (88)	16.1 (162)	2578.3 (24)
496	New York Times	7.2	118.2 (381)	7.0 (373)	83.8 (490)
497	Barnett Banks Fla	7.1	82.7 (569)	5.8 (432)	771.2 (181)
498	Michigan National	7.1	106.8 (443)	5.3 (459)	877.3 (161)
499	Coastal Corp	7.1	834.8 (16)	–2.9 (771)	449.6 (276)
500	InterFirst	7.1	293.0 (97)	20.8 (117)	2451.6 (26)
501	Union Electric	7.1	156.7 (263)	22.3 (102)	573.8 (228)
502	Phibro	7.1	3560.0 (3)	41.0 (28)	821.0 (170)
503	Valley National	7.0	108.5 (430)	7.8 (330)	876.6 (162)
504	First City Bancorp	7.0	225.9 (161)	18.4 (141)	2043.3 (40)
505	Carolina Pwr & Lt	6.9	196.1 (192)	29.7 (62)	688.2 (199)
506	SEDCO	6.9	53.9 (743)	9.7 (265)	137.0 (396)
507	Capital Cities Comm	6.7	85.7 (548)	12.0 (213)	104.2 (440)
508	NBD Bancorp	6.6	207.7 (151)	9.8 (260)	1827.7 (46)
509	Texas Commerce Bshs	6.6	238.6 (147)	20.7 (119)	2187.1 (36)
510	Zapata	6.6	70.2 (645)	12.4 (203)	153.7 (379)
511	Western Co No Amer	6.5	112.1 (410)	15.7 (166)	173.5 (363)
512	No Indiana Pub Svc	6.4	243.6 (140)	12.5 (200)	460.7 (272)
513	Flickinger	6.4	187.7 (210)	1.4 (711)	22.3 (781)
514	Datapoint	6.4	62.1 (700)	7.6 (347)	76.8 (512)
515	Centex	6.4	166.4 (244)	9.8 (260)	144.6 (390)
516	SONAT	6.4	404.5 (56)	27.3 (71)	443.2 (278)
517	Archer Danls Midland	6.3	578.6 (29)	27.9 (68)	317.4 (321)
518	Republic of Texas	6.3	277.5 (107)	19.0 (133)	2291.5 (35)
519	Southeast Banking	6.3	129.7 (333)	7.8 (330)	1024.3 (127)
520	Public Service Colo	6.3	212.6 (175)	16.0 (164)	386.8 (296)
521	Washington National	6.3	132.8 (324)	5.1 (466)	498.3 (254)
522	MAPCO	6.2	349.6 (72)	15.5 (168)	258.7 (343)
523	Parker Drilling	6.2	93.9 (501)	12.7 (196)	120.0 (415)
524	Wisconsin Elec Pwr	6.1	188.9 (206)	17.3 (152)	379.5 (297)
525	Superior Oil	6.0	340.2 (78)	59.7 (12)	747.5 (187)
526	Wachovia	6.0	119.3 (374)	8.6 (307)	1036.7 (124)
527	Jefferson-Pilot	6.0	147.2 (284)	16.6 (157)	502.2 (252)
528	Waldbaum	6.0	229.3 (157)	1.7 (689)	40.2 (694)
529	Vulcan Materials	5.9	131.9 (326)	13.2 (187)	113.8 (427)
530	Arizona Public Serv	5.9	148.6 (277)	38.3 (48)	572.2 (229)
531	Big Three Industries	5.9	139.3 (306)	18.4 (141)	171.8 (365)
532	Swift Independent	5.9	391.2 (61)	3.0 (594)	36.0 (726)
533	BancOhio	5.9	105.4 (449)	4.7 (486)	938.3 (148)
534	Kaneb Services	5.8	108.1 (432)	11.0 (231)	148.8 (386)
535	W W Grainger	5.8	150.2 (272)	9.7 (265)	81.7 (501)
536	Allegheny Power	5.8	279.4 (105)	23.0 (95)	554.6 (236)
537	Sysco	5.8	241.0 (146)	4.7 (486)	57.8 (584)
537	Texas Eastern	5.8	787.2 (18)	38.4 (35)	712.5 (194)
539	Long Island Lighting	5.7	290.9 (101)	43.3 (26)	787.7 (178)
540	Liberty Natl Ins Hld	5.7	102.8 (458)	12.2 (208)	471.5 (269)
541	U S Bancorp	5.6	118.8 (377)	11.5 (223)	1005.0 (132)
542	Equitable of Iowa	5.6	79.4 (567)	2.6 (616)	317.9 (320)
543	Rainier Bancorp	5.5	131.3 (329)	8.0 (321)	1054.8 (119)
544	Sigmor	5.5	334.6 (83)	5.8 (432)	90.3 (467)
545	Cox Broadcasting	5.5	74.0 (614)	10.2 (249)	110.9 (431)
546	Potomac Elec Power	5.4	186.6 (214)	20.5 (121)	469.8 (270)
547	Ohio Casualty	5.4	165.1 (246)	14.5 (176)	273.2 (340)
548	Citizens & Sthrn Ga	5.3	111.2 (414)	8.2 (316)	922.9 (152)
549	Dow Jones	5.3	122.1 (362)	13.6 (183)	101.3 (450)
549	Culbro	5.3	69.2 (653)	11.8 (218)	39.3 (702)
551	NICOR	5.2	405.7 (55)	23.6 (89)	476.1 (268)
552	Freeport-McMoran	5.2	160.7 (253)	30.6 (56)	284.7 (335)
553	New England Electric	5.2	246.6 (132)	17.5 (149)	440.9 (279)
554	Alleghany	5.2	266.2 (116)	12.5 (200)	699.5 (198)
555	Cincinnati G & E	5.1	212.1 (177)	20.1 (125)	490.5 (257)
556	Cleveland Elec Illum	5.1	199.0 (187)	30.6 (56)	669.2 (205)
557	San Diego Gas & Elec	5.1	228.5 (158)	21.7 (109)	429.5 (284)
558	Sun Banks of Florida	5.0	84.3 (554)	5.4 (455)	739.3 (189)
559	Reading & Bates	5.0	106.1 (446)	18.7 (137)	186.2 (358)
559	Fisher Foods	5.0	298.5 (94)	6.0 (419)	44.5 (675)
561	Public Service Ind	5.0	144.2 (294)	30.4 (59)	657.9 (207)
562	Entex	5.0	237.7 (149)	8.6 (307)	516.9 (246)
563	Commerce Clearing	5.0	62.9 (697)	5.8 (432)	50.6 (641)
564	Arkla	5.0	238.2 (148)	17.7 (148)	288.4 (334)
565	NCNB	4.9	198.2 (188)	11.1 (229)	1564.3 (58)
566	Philadelphia Natl	4.9	158.0 (261)	7.2 (363)	1276.5 (82)
567	Amdahl	4.9	90.4 (517)	5.5 (449)	93.3 (461)
568	Farm House Foods	4.9	285.2 (103)	0.8 (734)	44.5 (675)
569	Walter E Heller Intl	4.9	194.3 (197)	2.2 (648)	1289.0 (79)
570	Natomas	4.8	321.9 (85)	48.7 (21)	546.7 (239)
571	Wyman-Gordon	4.8	128.5 (339)	12.0 (213)	81.0 (503)
572	Murphy Oil	4.7	516.6 (36)	34.4 (42)	586.3 (224)
573	Maryland National	4.7	109.8 (422)	8.0 (321)	956.8 (143)
574	First Union	4.7	126.8 (342)	6.1 (416)	1129.2 (106)
575	Scientific-Atlanta	4.7	59.4 (717)	4.1 (519)	42.3 (684)
576	Medtronic	4.6	67.6 (667)	9.0 (296)	67.5 (540)
577	United Va Bankshares	4.6	102.4 (459)	7.9 (326)	862.8 (165)
578	Duquesne Light	4.5	175.7 (230)	24.0 (83)	588.6 (221)

Ranking The Forbes 500's—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000)		
			Sales (rank)	Profits (rank)	Assets (rank)
579	Midcon	4.5	620.6 (24)	24.0 (83)	555.6 (235)
580	Nalco Chemical	4.5	147.3 (283)	18.0 (144)	103.0 (444)
581	AmeriTrust	4.5	142.7 (297)	12.9 (190)	1226.3 (91)
582	BayBanks	4.5	89.8 (523)	6.7 (386)	768.5 (184)
583	First Security	4.5	110.0 (418)	9.1 (290)	927.2 (150)
584	GEICO	4.4	165.3 (245)	20.8 (117)	309.4 (325)
585	Gulf States Utils	4.4	277.7 (106)	34.3 (43)	759.9 (185)
586	Virginia Natl Bshs	4.4	87.0 (538)	6.3 (408)	735.7 (190)
587	Florida Power	4.4	292.9 (98)	23.5 (92)	587.3 (223)
588	Primark	4.4	387.5 (62)	3.8 (542)	314.5 (323)
589	Prime Computer	4,3	84.4 (553)	8.7 (302)	71.4 (527)
590	N Y State Elec & Gas	4.3	178.1 (229)	25.0 (77)	493.9 (256)
591	A E Staley Mfg	4.3	468.1 (48)	24.7 (78)	200.5 (354)
592	DETROITBANK	4.2	164.3 (247)	7.2 (363)	1453.5 (66)
593	Trust Co of Georgia	4.2	100.3 (471)	10.6 (239)	818.5 (171)
594	USLIFE	4.2	206.1 (182)	23.4 (93)	732.8 (191)
595	Utah Power & Light	4.2	158.2 (259)	27.0 (72)	579.5 (226)
596	First Wisconsin Corp	4.2	140.1 (303)	6.7 (386)	1126.3 (109)
596	Lubrizol	4.2	214.3 (172)	21.9 (105)	160.4 (372)
598	Provident Life & Acc	4.2	244.2 (138)	18.8 (134)	588.8 (220)
599	First Pennsylvania	4.1	173.5 (233)	–1.6 (767)	1271.1 (83)
600	Mercantile Texas	4.1	202.3 (183)	15.3 (170)	1669.5 (51)
601	ROLM	4.1	72.1 (631)	5.8 (432)	50.6 (641)
602	First Atlanta	4.1	105.4 (449)	8.2 (316)	859.6 (166)
603	Wetterau	4.0	373.7 (67)	4.0 (529)	76.4 (513)
604	Pacific Lumber	4.0	75.8 (606)	12.7 (196)	72.1 (525)
605	Illinois Power	4.0	241.9 (145)	32.0 (52)	683.0 (202)
606	Shawmut	4.0	117.5 (386)	5.6 (447)	1006.9 (131)
607	Manufacturers Natl	3.9	159.7 (254)	1.6 (697)	1331.1 (74)
608	H F Ahmanson	3.9	399.0 (58)	–15.7 (785)	3839.0 (12)
609	Boston Edison	3.9	268.1 (115)	18.7 (137)	489.9 (258)
610	Dayton Power & Light	3.9	199.7 (186)	24.1 (80)	482.2 (264)
611	Utd Energy Resources	3.9	1395.3 (5)	55.3 (15)	676.1 (203)
612	First American Bank	3.9	81.1 (577)	3.7 (550)	936.0 (149)
613	Northern Trust	3.8	221.7 (164)	9.2 (283)	1628.6 (54)
614	Harris Bankcorp	3.8	246.9 (131)	7.8 (330)	1968.5 (42)
615	Gulf United	3.8	274.2 (110)	23.4 (93)	801.0 (174)
616	Fort Howard Paper	3.8	124.2 (352)	21.9 (105)	153.1 (380)
616	California First Bnk	3.8	128.6 (338)	4.3 (513)	1070.6 (117)
618	New England Merch	3.8	159.4 (257)	8.9 (298)	1177.5 (97)
619	Girard	3.7	148.1 (278)	10.3 (244)	1279.1 (81)
620	Peoples Energy	3.7	353.4 (71)	12.9 (190)	295.7 (331)
621	Colonial Penn Group	3.7	340.8 (76)	-6.3 (777)	273.3 (339)
622	Metromedia	3.7	125.9 (343)	16.3 (160)	184.1 (360)
623	Combined Internatl	3.7	263.4 (118)	27.4 (69)	435.8 (282)
624	Tesoro Petroleum	3.7	831.4 (17)	22.0 (103)	208.3 (352)
625	AmSouth Bancorp	3.6	95.5 (494)	8.2 (316)	805.4 (172)
626	Midlantic Banks	3.6	117.3 (387)	8.8 (299)	1127.5 (107)
627	Intl Flavors & Frag	3.6	125.6 (344)	18.4 (141)	120.0 (415)
628	Oklahoma Gas & Elec	3.6	230.2 (156)	22.0 (103)	507.1 (249)
629	Centerre Bancorp	3.6	173.0 (234)	9.7 (265)	1487.7 (64)
630	Pittsburgh National	3.5	244.3 (136)	16.2 (161)	1954.5 (43)
631	Banc One	3.5	117.0 (388)	10.9 (233)	1026.8 (126)
632	CBT	3.5	121.3 (366)	7.3 (358)	1010.2 (129)
633	First Natl State Bncp	3.5	129.8 (332)	8.5 (310)	1166.1 (101)

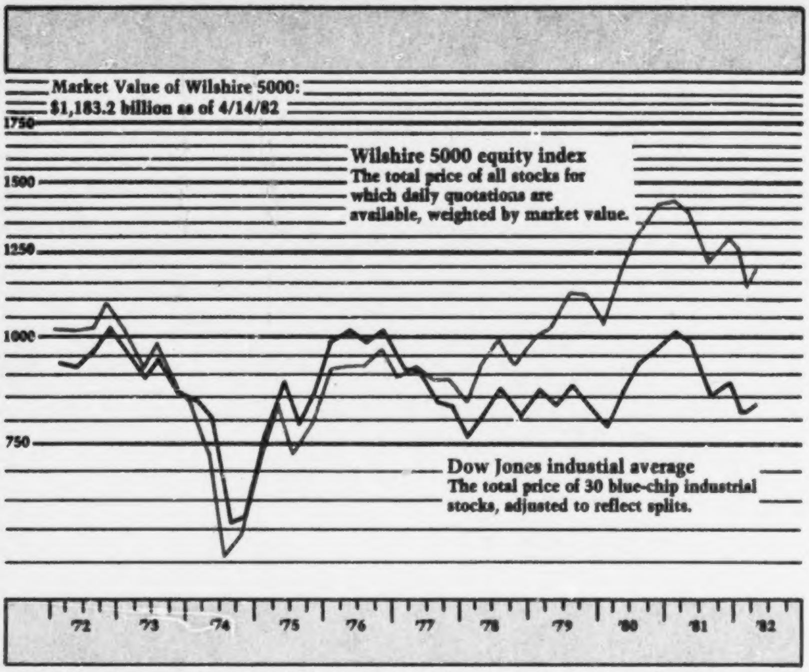
Rank	Company	Employees (000)	Per employee ($000)		
			Sales (rank)	Profits (rank)	Assets (rank)
634	Financial General	3.5	87.8 (534)	5.7 (443)	750.5 (186)
635	Mitchell Enrgy & Dev	3.5	304.3 (93)	32.9 (49)	485.8 (262)
636	So Carolina E & G	3.5	217.4 (169)	23.7 (89)	560.6 (232)
637	Industrial National	3.5	145.5 (288)	9.4 (273)	1210.2 (93)
638	Banco Popular PR	3.5	97.7 (485)	7.0 (373)	770.6 (183)
639	Flagship Banks	3.5	84.6 (551)	6.6 (393)	742.8 (188)
640	Fidelity Union Bncp	3.5	98.2 (481)	5.1 (466)	883.2 (160)
641	BanCal Tri-State	3.4	147.8 (280)	3.2 (581)	1153.0 (103)
642	Mercantile Bancorp	3.4	169.1 (237)	12.5 (200)	1511.6 (60)
643	National City	3.4	183.1 (222)	11.8 (218)	1590.3 (56)
644	Computervision	3.4	80.0 (583)	9.4 (273)	68.5 (538)
645	Tidewater	3.4	101.4 (465)	15.7 (166)	157.1 (375)
646	Florida Natl Banks	3.3	83.5 (560)	4.1 (519)	785.7 (179)
647	State Street Boston	3.3	122.1 (362)	7.9 (326)	1018.0 (128)
648	First & Merchants	3.3	91.8 (512)	5.9 (427)	770.7 (182)
649	First Tennessee Natl	3.3	114.8 (401)	7.7 (339)	957.5 (142)
650	Bank of Virginia	3.3	108.5 (430)	4.6 (492)	863.9 (164)
651	Lincoln First Banks	3.3	133.5 (323)	5.5 (449)	1083.7 (114)
652	Pioneer	3.2	379.9 (64)	34.2 (44)	296.0 (330)
653	Commerce Bancshrs	3.2	106.9 (442)	3.3 (575)	927.0 (151)
654	Southwest Bancshs	3.2	189.4 (204)	13.7 (182)	1654.6 (52)
654	Portland Genl Elec	3.2	187.3 (211)	35.4 (39)	706.1 (195)
656	United Banks of Colo	3.1	125.3 (346)	9.1 (290)	1056.7 (118)
657	Tosco	3.1	1102.3 (9)	7.3 (358)	342.5 (310)
658	Louisiana Land	3.1	403.5 (57)	46.7 (24)	498.2 (255)
659	Donaldson, Lufkin	3.1	188.7 (207)	4.3 (513)	1585.2 (57)
660	First Maryland Bncp	3.1	115.6 (396)	7.7 (339)	952.2 (144)
661	Northwestern Finl	3.0	81.0 (578)	3.6 (556)	655.1 (208)
662	Huntington Bshs	3.0	122.9 (357)	8.7 (302)	1052.0 (120)
663	Dominion Bankshares	3.0	109.3 (425)	7.2 (363)	903.6 (156)
664	Fidelcor	3.0	142.5 (298)	8.5 (310)	1234.5 (89)
665	Texas Oil & Gas	3.0	541.1 (33)	64.7 (10)	684.9 (200)
666	Society	3.0	147.6 (281)	7.7 (339)	1359.7 (72)
667	First Virginia Banks	2.9	68.2 (662)	6.1 (416)	583.4 (225)
668	First Alabama Bshs	2.9	96.5 (489)	10.3 (244)	897.5 (157)
669	Key Banks	2.9	93.8 (502)	7.1 (370)	857.4 (167)
670	Kansas City Pwr & Lt	2.9	163.1 (249)	27.4 (69)	559.4 (233)
671	Public Service N M	2.9	116.7 (389)	37.5 (36)	636.0 (214)
672	Central Ill Pub Svc	2.8	166.9 (213)	21.8 (108)	505.2 (250)
673	United Jersey Banks	2.8	103.5 (455)	5.8 (432)	995.6 (138)
674	Atlantic Bancorp	2.8	88.4 (531)	5.9 (427)	822.7 (168)
675	First Natl Bancorp	2.8	127.4 (341)	9.9 (257)	1047.0 (121)
676	South Carolina Natl	2.8	78.0 (592)	7.7 (339)	642.7 (211)
677	Comsat	2.8	120.5 (370)	10.2 (249)	216.3 (350)
678	Bancorp Hawaii	2.8	116.4 (393)	9.4 (273)	1007.6 (130)
679	American Petrofina	2.7	911.9 (13)	27.0 (72)	417.4 (288)
680	Transco Companies	2.7	1285.7 (7)	51.1 (18)	1238.3 (88)
681	Rochester Gas & Elec	2.7	224.1 (162)	24.0 (83)	424.8 (287)
682	Commercial Metals	2.7	493.2 (41)	4.1 (519)	88.9 (472)
683	Equitable Bancorp	2.7	95.1 (495)	3.7 (550)	783.5 (180)
684	Central Fidelity Bks	2.7	93.7 (503)	6.0 (419)	798.2 (176)
685	Marshall & Ilsley	2.6	114.5 (402)	7.7 (339)	998.0 (136)
686	Curtiss-Wright	2.6	74.2 (613)	32.5 (50)	111.9 (430)
687	Delmarva Power & Lt	2.6	232.6 (155)	22.4 (101)	552.6 (237)
688	Hartford Natl	2.6	107.9 (436)	6.3 (408)	1081.0 (115)

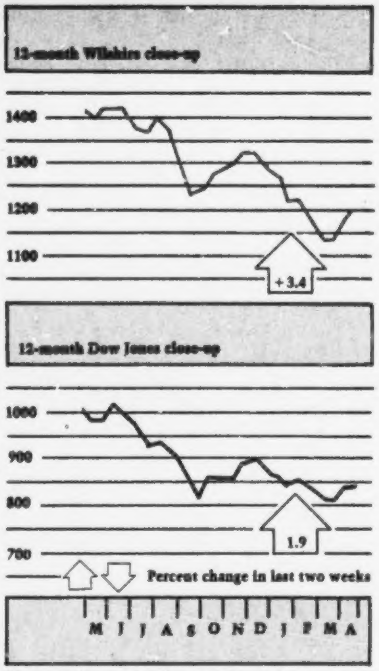
Ranking The Forbes 500's—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
689	Centran	2.6	146.2 (287)	−8.5 (779)	1161.4 (102)
690	Central Bancorp	2.6	108.1 (432)	7.1 (370)	940.2 (147)
691	Norstar Bancorp	2.6	96.3 (491)	12.1 (211)	994.1 (139)
692	Homestake Mining	2.6	91.6 (513)	11.2 (228)	136.9 (397)
693	Texas American Bshs	2.5	189.3 (205)	15.3 (170)	1591.9 (55)
694	Overseas Shipholding	2.5	144.7 (291)	35.3 (40)	460.4 (273)
695	Montana Power	2.5	195.5 (194)	24.7 (78)	478.7 (267)
696	NIKE	2.5	183.1 (222)	10.4 (242)	92.1 (464)
697	Allied Bancshares	2.5	214.3 (172)	25.4 (76)	1794.5 (47)
698	American Fletcher	2.4	140.7 (301)	6.3 (408)	1202.7 (94)
699	Puget Sound Pwr & Lt	2.4	167.8 (243)	39.7 (31)	684.1 (201)
700	First Kentucky Natl	2.4	120.7 (369)	8.7 (302)	1124.9 (110)
701	Provident National	2.4	163.7 (248)	16.4 (159)	1379.0 (70)
702	Global Marine	2.4	150.0 (273)	34.0 (46)	398.6 (291)
703	Turner Construction	2.3	835.0 (15)	4.1 (519)	176.1 (361)
704	Toledo Edison	2.3	189.6 (203)	35.6 (38)	800.8 (175)
705	First Charter Finl	2.3	431.7 (53)	−23.9 (789)	4193.6 (8)
706	SouthTrust	2.3	110.0 (418)	8.5 (310)	889.8 (158)
707	Equimark	2.3	152.4 (269)	−20.6 (787)	1806.3 (76)
708	Gt Western Financial	2.3	516.0 (37)	−12.4 (781)	4679.8 (5)
709	Southwestern Pub Svc	2.3	236.1 (150)	28.2 (67)	481.5 (266)
710	Republic New York	2.3	474.6 (45)	30.2 (60)	3425.3 (15)
711	First Florida Banks	2.2	108.6 (429)	8.6 (307)	1047.0 (121)
712	Riggs National	2.2	189.9 (201)	10.9 (233)	1642.5 (53)
713	Moore Financial	2.2	106.0 (447)	9.2 (283)	912.5 (153)
714	Brown-Forman Dist	2.2	226.8 (160)	30.5 (58)	331.9 (346)
715	Indiana National	2.2	139.7 (304)	9.2 (283)	1162.2 (101)
716	Arizona Bank	2.2	120.9 (358)	7.2 (363)	948.1 (145)
717	Northwest Energy	2.2	640.8 (23)	32.1 (51)	704.5 (196)
718	Peoples Bancorp	2.2	94.7 (496)	7.2 (363)	801.7 (173)
719	Rowan Companies	2.2	170.2 (235)	51.6 (17)	303.9 (328)
720	Pioneer Hi-Bred Intl	2.2	220.7 (166)	29.3 (65)	169.7 (366)
721	First Empire State	2.2	110.1 (417)	4.8 (480)	876.6 (162)
722	Marine	2.2	109.3 (425)	5.4 (455)	941.6 (146)
723	Central Bancshares	2.1	134.3 (321)	3.4 (568)	1097.8 (112)
724	Paradyne	2.1	63.7 (694)	8.2 (316)	82.5 (496)
725	First Hawaiian	2.1	119.9 (372)	8.7 (302)	1032.8 (125)
726	Old Kent Financial	2.1	131.3 (330)	9.9 (257)	1083.8 (113)
727	General Re	2.1	689.8 (22)	[illegible] (4)	2020.5 (41)
728	Tandem Computers	2.1	101.2 (466)	12.9 (190)	124.2 (410)
729	Noble Affiliates	2.0	186.1 (215)	39.3 (32)	311.4 (324)
730	First American	2.0	119.6 (373)	8.0 (321)	963.1 (141)
730	Third National	2.0	124.6 (349)	7.7 (339)	1004.8 (133)
732	Affiliated Bshs Colo	2.0	108.1 (432)	10.0 (255)	903.9 (155)
733	Cullen/Frost Bankers	2.0	155.7 (265)	9.5 (269)	1233.1 (90)
734	First Natl Charter	2.0	121.6 (364)	9.3 (277)	1127.5 (107)
735	Tenn Valley Bancorp	2.0	138.3 (313)	3.7 (550)	1099.1 (111)
736	Nationwide	2.0	[illegible] (73)	17.9 (146)	1741.0 (50)
737	Public Service N H	2.0	[illegible]	39.1 (33)	672.9 (204)
738	United Missouri Bshs	2.0	110.0 (418)	12.0 (213)	1175.4 (98)
739	Indust Valley Bank	1.9	119.3 (374)	4.6 (492)	908.5 (154)
740	H & R Block	1.8	144.2 (294)	20.6 (120)	129.2 (404)
741	Citizens Fidelity	1.8	146.5 (286)	12.4 (203)	1270.3 (84)
742	Hospital Trust	1.8	128.9 (337)	6.8 (385)	1070.8 (116)
743	Valero Energy	1.8	1305.6 (6)	54.4 (16)	619.0 (217)

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
744	American Bancorp	1.8	139.5 (305)	11.4 (226)	1150.7 (104)
745	MCI Communications	1.7	133.9 (322)	10.7 (238)	266.9 (342)
746	Imperial Corp of Am	1.7	504.7 (38)	−21.7 (788)	2974.2 (18)
747	Apple Computer	1.7	192.8 (198)	22.7 (97)	146.8 (387)
748	Boatmen's Bancshs	1.7	137.5 (315)	10.4 (242)	1359.6 (73)
749	Sumitomo Bank Cal	1.7	152.2 (270)	4.7 (486)	1149.7 (105)
750	Natl Central Financl	1.7	162.0 (250)	10.2 (249)	1283.1 (80)
751	General American Oil	1.7	189.9 (201)	31.3 (54)	315.3 (322)
752	Kansas Gas & Elec	1.6	190.8 (199)	40.2 (30)	792.5 (177)
753	First United Bancorp	1.6	183.3 (221)	14.2 (180)	1488.0 (63)
754	Crown Central Petrol	1.6	913.6 (12)	2.1 (656)	333.2 (315)
755	Zions Utah Bancorp	1.6	160.8 (252)	12.7 (196)	1243.7 (87)
756	First Natl Cinc	1.6	145.0 (290)	15.8 (165)	1257.1 (85)
757	Belco Petroleum	1.6	199.9 (185)	68.6 (8)	482.0 (265)
758	Merchants National	1.6	169.0 (238)	0.4 (749)	1171.1 (99)
759	Deposit Guaranty	1.6	139.2 (307)	9.2 (283)	1183.2 (96)
760	Continental Bank	1.6	168.5 (240)	14.5 (176)	1307.6 (75)
761	Helmerich & Payne	1.6	185.5 (216)	48.6 (22)	352.5 (305)
761	First Boston	1.6	546.3 (32)	29.9 (61)	6654.4 (2)
763	United States Trust	1.5	168.2 (241)	9.1 (290)	1425.3 (67)
764	City Federal S & L	1.4	227.4 (159)	−0.9 (762)	2316.3 (32)
765	American Security	1.4	262.3 (119)	18.5 (140)	2157.3 (37)
766	Golden West Finl	1.3	482.3 (42)	−14.8 (784)	4282.3 (7)
767	First Oklahoma Bncp	1.3	259.8 (120)	18.6 (139)	2367.2 (30)
768	Tucson Electric Pwr	1.2	296.8 (96)	76.0 (7)	1046.6 (123)
769	Gibraltar Financial	1.2	421.4 (53)	−47.1 (795)	4149.0 (9)
770	Fedl Natl Mortgage	1.1	5295.1 (1)	−172.0 (798)	56093.9 (1)
771	Old Stone	1.1	194.8 (195)	−13.8 (782)	1791.8 (48)
772	Liberty National	1.1	242.8 (141)	13.5 (184)	2142.7 (38)
773	Texas International	1.1	135.5 (319)	6.9 (380)	501.2 (253)
774	Centl Louisiana Engy	1.0	1180.7 (8)	84.8 (5)	627.0 (215)
775	Flightsafety Intl	1.0	62.2 (698)	18.8 (134)	117.1 (421)
776	El Paso Electric	1.0	248.9 (129)	56.4 (14)	884.8 (159)
777	Tom Brown	1.0	141.0 (300)	21.3 (113)	211.7 (351)
778	Fin Corp of America	0.9	414.9 (54)	22.5 (99)	4018.6 (11)
779	Western Financial	0.9	242.0 (144)	−27.4 (792)	2339.8 (31)
780	Cray Research	0.9	110.5 (415)	19.8 (127)	149.3 (385)
781	Fidelity Financial	0.9	356.5 (69)	−63.3 (797)	3229.5 (16)
782	Amer Savings & Loan	0.9	275.6 (108)	−8.7 (780)	2515.1 (25)
783	Whitney Holding	0.8	268.3 (113)	38.7 (34)	2444.7 (27)
784	No Calif Savings	0.8	259.1 (123)	−19.2 (786)	2408.2 (28)
785	Mesa Petroleum	0.8	461.0 (49)	144.7 (2)	2603.0 (22)
786	Inexco Oil	0.8	304.9 (91)	40.8 (29)	1002.7 (134)
787	Fin Cp Santa Barbara	0.8	249.4 (128)	−38.9 (793)	2654.0 (21)
788	Broadview Financial	0.7	259.5 (122)	−26.9 (790)	2600.6 (23)
789	TRANSOHIO Fin	0.7	291.2 (100)	−27.3 (791)	2964.0 (19)
790	Berkshire Hathaway	0.6	734.7 (20)	63.3 (11)	1843.8 (45)
791	Gibraltar Savings	0.6	583.9 (27)	14.9 (174)	5751.4 (4)
792	Financial Federation	0.6	391.9 (60)	−53.4 (796)	4092.7 (10)
793	Energy Reserves Gp	0.6	304.6 (92)	−39.7 (794)	626.4 (216)
794	Southland Royalty	0.5	757.8 (19)	68.6 (8)	1302.7 (77)
795	Sabine	0.3	468.8 (47)	81.4 (6)	997.7 (137)
796	First Executive	0.3	4194.5 (2)	51.1 (18)	6253.3 (3)
797	Pogo Producing	0.2	1409.5 (4)	322.6 (1)	3675.9 (14)
798	Supron Energy	0.2	496.7 (40)	131.6 (3)	1525.9 (59)

The Forbes/Wilshire 5000 Review





Good looks aren't everything. The market picked up where it left off two weeks ago and again piled up modest gains. For the period, the Wilshire index is up 3.4%. Over the past four weeks $74 billion in capital has been created. The renewed interest in oils helped the AMEX, up 5.5% over two weeks, to lead the NYSE and NASDAQ stocks, which also showed respectable increases.

Another encouraging note: Speculators are more bullish than they have been in months. High-volatility stocks, for example, show a four-week gain of 12.4%, whereas low-volatility issues are up only 2.9%. Ditto for high-growth versus low-growth stocks. At the same time, both high-P/E and low-P/E stocks outperformed market averages by almost 3-to-1. That means investors are gambling on a near-term economic rebound and placing their bets on leaders and laggards. That's sound strategy since stocks at both extremes often show the best appreciation when a market turnaround comes.

Despite all this positive news, several recent trading days ended with small setbacks. Most investors were still better off 52 weeks ago than they are now. The best performing group, the NYSE stocks, is behind 13.9% over the 12-month period, and AMEX and NASDAQ issues are even deeper in the red. Unless the current mini rally lures cash-rich institutions off the sidelines, the market is still vulnerable to a heavy dose of bad economic news.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.6	5.3	6.3	11.3	7.3
in last 52 weeks	–15.0	–16.3	–13.9	–24.0	–16.1

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	12.4	2.9	10.1	10.0	3.3	10.4	12.7	4.6	7.5	8.5
in last 52 weeks	–14.1	4.8	–24.6	–4.4	2.8	–7.2	–12.0	–2.4	–13.7	–7.0

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.

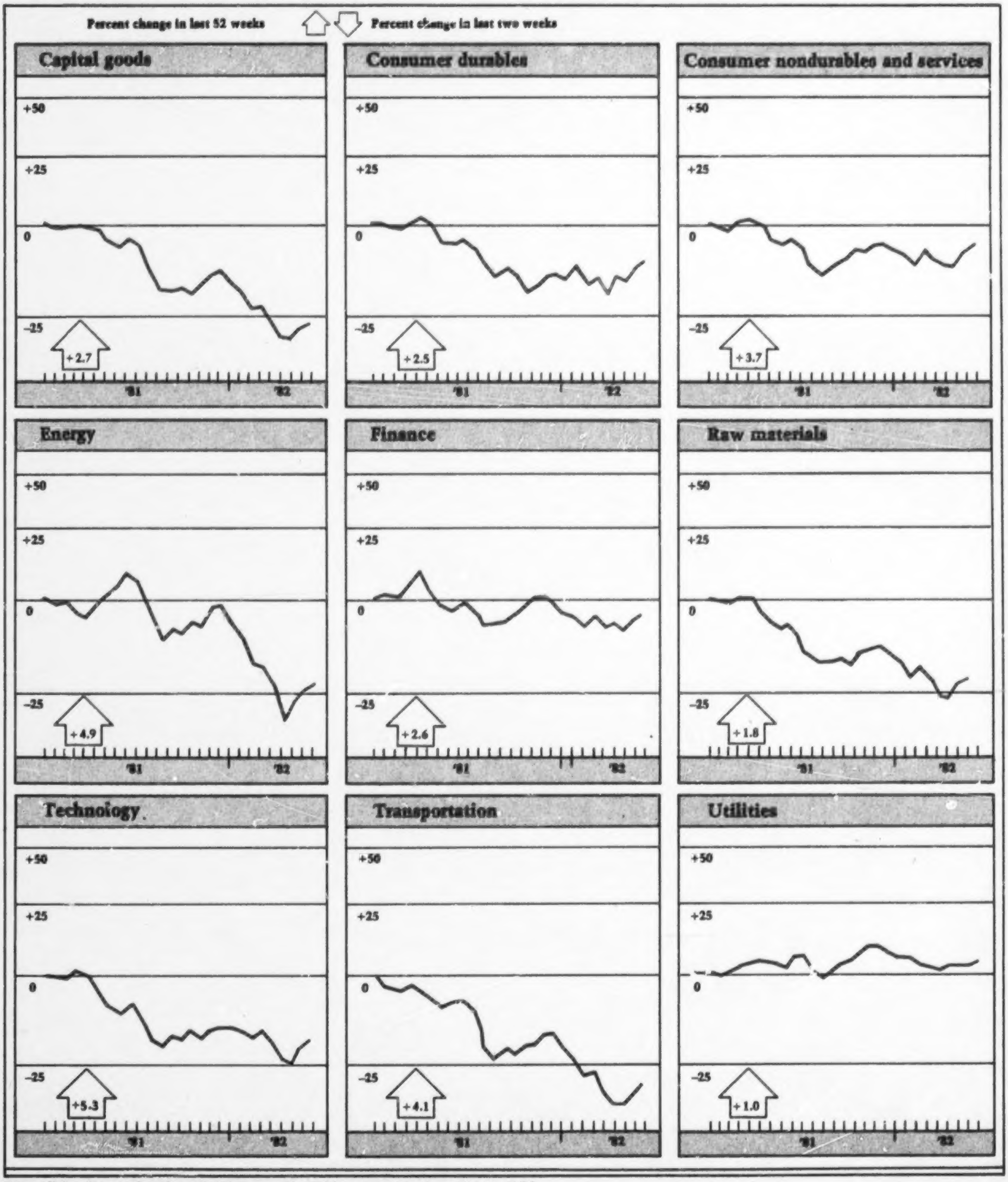
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/14/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

An amazing hot streak. For the first time since we began monitoring Wilshire data, in January 1981, all nine sectors had back-to-back two-week gains. Some of the best improvement comes from those groups that have had the poorest 52-week performance. Both energy stocks and transportation stocks, for example, declined by more than 25% over the last year but gained more than 4% in the past two weeks. In contrast, utilities, which are ahead 5.5% over last year, advanced only 1%.

The market comeback since early March has been more encouraging than recent business and economic news. But the real question is where new leadership will come from. For the moment, the strength alternates between the technology and energy group and the two consumer sectors. That's an odd pattern—and it probably means investors are still uncertain about the future.



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MAY 24, 1982 TWO DOLLARS AND FIFTY CENTS

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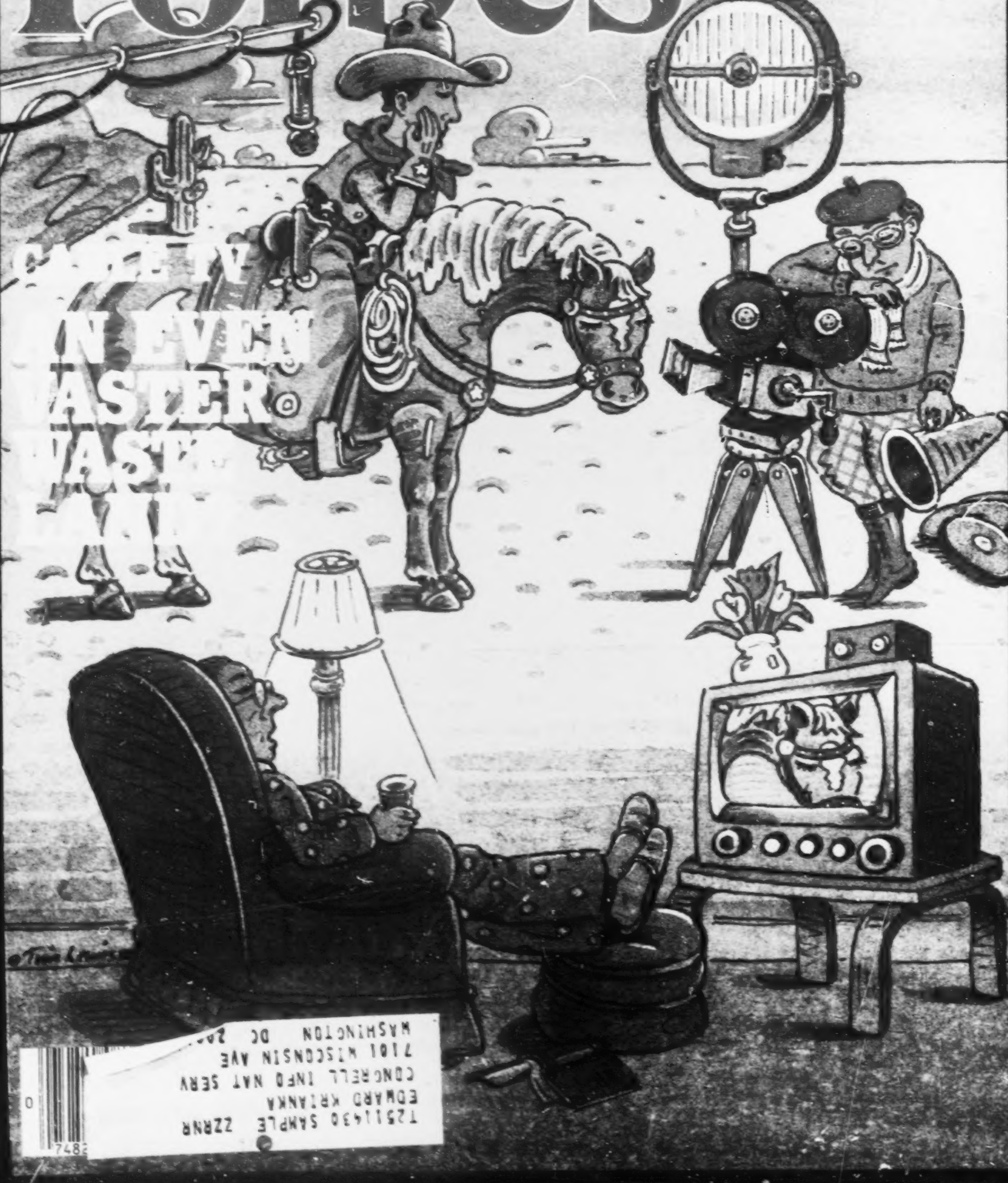
Forbes



CABLE TV
AN EVEN VASTER WASTELAND

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CONGRELL INFO NAT SERV
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WASHINGTON DC 200

Forbes

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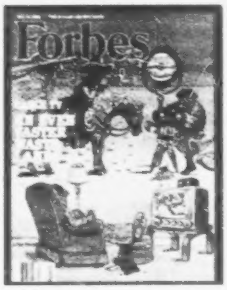

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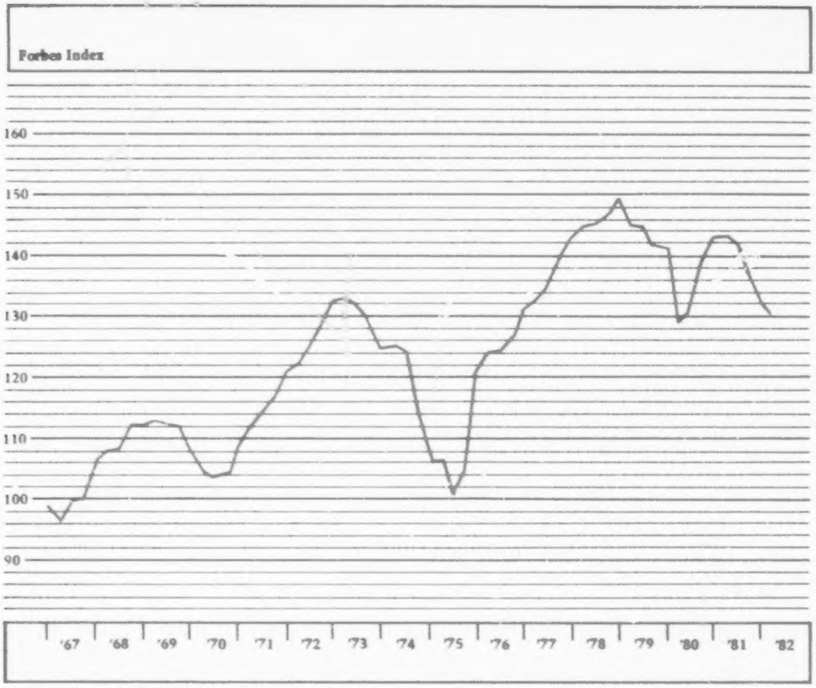
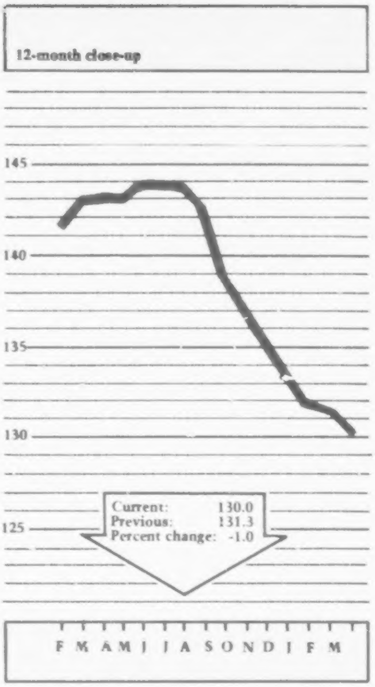
The Forbes Index





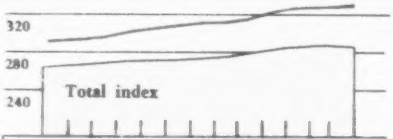
Holding its own. The Forbes Index is still in the negative column, but once again several indicators are signaling that an uptick in the economy may not be far away. New housing starts, for example, vaulted ahead 55.9% in March and are up 68.4% from the alltime low set in January. Less spectacular are the gains in manufacturers' new orders, which rose by 0.4%, and personal income, which inched ahead 0.1%. A positive note is the small 0.3% decline in inventories, which may indicate that the recession has already bottomed.

Good news on the inflation front: The current Consumer Price Index is down by 0.1%, the first decline in 17 years. Interest rates, however, remain uncomfortably high. Until they come down, the economy will not get into high gear.

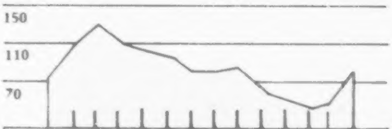
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

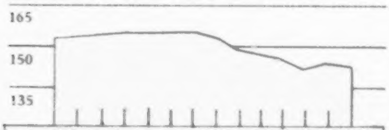
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



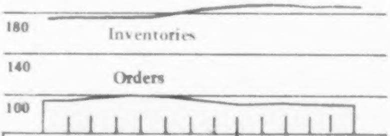
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



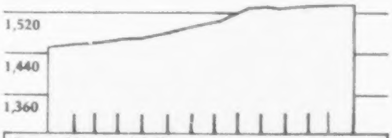
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



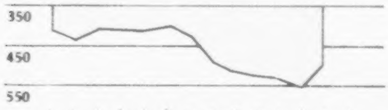
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
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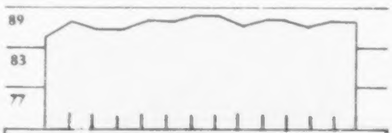
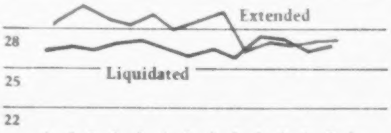


Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

Everybody's rushing to get into cable TV programming. Like all gold rushes, this one's going to leave skulls bleaching in the desert.

A vaster wasteland?

By Thomas O'Donnell and Jay Gissen

YOU HAVE HEARD IT a hundred times: As the so-called home video revolution picks up steam, you will use your television set for everything from voting in presidential elections to opening your garage door. Your kids will do their homework on it, your wife will order her groceries without leaving the house. On a Sunday in January, you will sit back and watch the Superbowl—commercial-free.

Don't hold your breath. That happy vision of the future is a long way off. But now that cable TV franchises have been awarded in many big cities—lately at sky-high prices—there is a gold rush to develop programming to put over those wires. And, sure, cable will fulfill its promise someday. But not much gold will be mined until some pioneers get burned.

Everybody looks at Time Inc.'s Home Box Office, which earned an estimated $65 million pretax on revenues of $310 million last year. Or they point to Ted Turner's Atlanta-based Superstation, which earned $18 million in 1981 mainly by showing movies, sports and syndicated sitcoms. These are "programmers," outfits that make money producing what you see for the owners of cable hardware. The thinking is that more such networks could easily be set up because cable's appetite for programming is enormous.

Such thinking is seductive but, right now, not all that sound. At present it isn't the programmers calling the shots but the cable operators—the owners of the hardware. They determine what goes out to subscribers. As competition among the programmers gets hotter—some 30 programming networks are on the wire and 35 are planned—the operators will be driving ever harder bargains.

The programming networks are of two types: The majority are the so-called basics like Turner's Superstation, which are supported by ads and offered free to viewers who take cable. The others, pay TV channels, charge viewers an additional monthly fee of about $10 and mainly show movies. Pay channels are what everybody wants because their potential as money machines is far greater. HBO is only the best example. Recently, Showtime, owned by Westinghouse and Viacom, broke into the black. Others—such as Warner Amex' The Movie Channel, Westinghouse's Home Theater Network and the newly created Spotlight, owned by five cable companies—can be expected to cut into HBO's huge lead.

The ad-supported networks are, in contrast, facing a shakeout, but the major ones should come out of it whole. They include Turner's around-the-clock Cable News Network (CNN) and his Superstation WTBS; Entertainment and Sports Programming Network (ESPN); the USA Network; and "superstation" WGN/Chicago. Among some 20 such networks, only Turner's Superstation is making big bucks.

Chances for the newer programming networks' getting their material on cable systems are only partially bettered by the 50- and 100-channel hookups now being built. The unpleasant fact remains that about half the nation's systems have no more than 12 channels and won't easily be upgraded. (According to consultant Paul Kagan, it will cost cable operators, as distinct from programmers, $5 billion to modernize these 12-channel systems over the next ten years; *see story, p. 119.*) For now, once you take away commercial channels and local programming, the average system has about 5 channel slots for the 20 ad-supported companies. Pay TV networks, in contrast, have far less trouble getting on since they split revenues with operators.

That's the bad news. The good news is that only 28% of U.S. homes are now hooked up. In some big cities, where signals are clear and TV stations are plentiful, the figure is less than 10%. That means, as any programming executive will be happy to tell you, advertising has room to grow. Last year cable ad revenues topped $100 million and should more than double this year, to exceed $250 million. But that's small potatoes compared with the almost $13 billion hauled in by broadcasters.

As a result, many programmers are predicting an advertising boom with a line of big-budget advertisers beating down the doors to get in. The question is when. The answer often given is when 30%—a magic number—of U.S. homes are hooked up. Since some 300,000 homes sign up every month, that will be easily exceeded by year-end. The 30% figure, however, has been plucked out of the sky like a satellite signal. Nonetheless, big companies are testing the waters. Bristol-Myers, for example, is funding a couple of beauty programs. Anheuser-Busch is buying time on ESPN to sell beer. And some advertising agencies are advising clients to devote 5% of their ad budgets to cable.

But how many big-spending advertisers—in addition to how soon—is another question. It could be that cable will grow another way, the way radio has grown since TV came along—as a local medium serving local advertisers.

Another problem in attracting advertisers is that there is no generally accepted way to measure how many people are watching a given cable channel. Cable programmers will tell you that the quantity of viewers does not really matter. It's better, they say, to have several thousand self-selected viewers interested in the product, rather than several million who are not. At this point not many big advertisers are willing to follow that argument. "The advertisers want eyeballs," says Lloyd Werner, head of sales for Westinghouse Group W Satellite.

That's bad news for those who have high hopes for "narrowcasting," material aimed at small audiences interested in specific programs and, therefore, prime audiences for specific products—fitness, business, cooking, you name it. As 50- and 100-channel systems come into being, narrowcasting could become slivercasting. A shrinking audience will limit advertiser interest.

Thus, to survive the shakeout, programmers will generally be forced to go after the largest possible audiences to support themselves. The inevitable result: the same sort of stuff you are getting now from commercial television. "Do you want to know what tomorrow's cable programming will be like?" asks Ted Turner. "Then turn on your TV set now. They're one and the same." The vast wasteland will be divided up, but it will remain a wasteland.

So what's Turner's answer? He's emphasizing news and developing original programming in Atlanta. He is using profits from his Superstation to subsidize his Cable News Network. CNN, which is still in the red even though it is carried by 2,200 systems with 12 million subscribers, is going to get competition from another outfit that believes in news. On June 21 Westinghouse Broadcasting and ABC will jointly launch an all-news network with an estimated $150 million in financing.

Why news? "The potential revenues to be made are bigger and the costs are smaller," explains Westinghouse Broadcasting Chairman Dan Ritchie. Prestige-conscious

There's bad news for those who have high hopes for "narrowcasting," material aimed at small audiences interested in specific programs and, therefore, prime audiences for specific products—fitness, business, cooking, you name it. As 50- and 100-channel systems come into being, narrowcasting could become slivercasting. A shrinking audience will limit advertiser interest.

The cable stable

These 26 cable programming services are a sample of what's now on the market. Half show mainly movies. One-third offer some sports. Few, however, are profitable. Though most reach several million homes, none can measure with certainty just how many viewers have actually tuned in. Still, the dial is getting more crowded all the time: An ABC/Westinghouse all-news channel debuts in June.

Service	Owners	Cable affiliates	Subscribers (thousands)	Programming description
ARTS	ABC	1,500	7,000	culture
Black Entertainment	Black Entertainment	850	9,200	films, sports, variety
Bravo	Cablevision	26	48	culture, foreign films
Cable News Network	Turner Broadcasting	2,200	12,000	news
CBS Cable	CBS	350	4,000	culture
CBN Satellite Network	Christian Broadcast Network	3.000	15,000	religious variety
Cinemax	Time Inc	900	1,500	classic and foreign films
Escapade	Cablevision	115	206	adult films, variety
ESPN	Getty Oil	3,545	15,500	sports
Gala Vision	SIN, Inc	135	100	Spanish films, variety, sports
Home Box Office	Time Inc	3,600	9,000	recent films, variety, sports
Home Theater Network	Westinghouse	250	155	recent and classic films
Modern Satellite Network	Modern Talking Picture Service	310	4,100	women's variety
The Movie Channel	Warner-Amex	2,150	2,200	recent films
MTV	Warner-Amex	600	4,000	rock videos in stereo
Nickelodeon	Warner-Amex	1,725	7,700	youth-oriented variety
Satellite News Channel 1	Westinghouse, ABC	NA	2,000	news
Satellite Program Network	Satellite Program Network	471	4,400	films, variety
Showtime	Westinghouse, Viacom	1,500	3,000	films, culture, variety
SIN Television Network	SIN, Inc	184	2,700	Spanish variety, news, sports
Sportschannel	Cablevision	16	205	sports
Spotlight	Cox, Times Mirror, Cablevision, Storer, TCI	70	300	films
USA Network	Time Inc, MCA, Paramount	1,750	10,000	sports, variety
The Weather Channel	Landmark Communications	114	3,000	weather
WGN/Chicago	The Tribune Co	2,550	7,100	films, sports, variety
WTBS Superstation	Turner Broadcasting	4,097	20,400	films, sports, variety

advertisers want to be associated with the news, which attracts an intelligent, well-heeled audience. That means higher fees for commercial time. And with 24-hour news you need no guest stars or exotic sets. Doing it on the cheap, you need a minicamera (filled with reusable tape), a wire-service ticker and a few talking heads.

Turner and Ritchie are going beyond that and developing first-class news operations because they are convinced that cable could someday replace the networks as the primary news source of most Americans. Maybe, but it will be a long wait. The first homes hooked up were the easy pickings, situated where broadcast signals are faint or don't reach at all. From now on, people will be asked to hook up where signals are clear and channels plentiful. Says Ritchie: "Fortunately, we have the resources to be able to take the long-term view." This year alone Westinghouse is sinking $300 million into cable operations.

Westinghouse is bringing so much money to the table that it is changing the very economics of cable. To get on system, it is offering cable operators a flat fee of 75 cents plus 10 cents a year per subscriber for carrying its news. A system like that of the Times Mirror, for example, with almost 800,000 homes on by year-end, would get a flat fee of $600,000 plus at least $80,000 a year—just for saying yes. (Turner, in contrast, requires operators to pay him 20 cents a month per subscriber for his news.)

To combat Westinghouse, Turner has started a second all-day news service, CNN 2, which, like Westinghouse/ABC, features summaries rather than long stories. It is offered free to cable operators who have Turner's basic service. So Turner's ink will run even redder, but don't count him out. If news losses get too high, he will almost certainly be able to strike a deal with NBC, CBS, Warner Amex or another cash-rich cable company. Even now, Turner is planning a third news network offering 24-hour talk and a fourth to run business news all day.

News has the best chance of attracting solid advertising. Other programmers are hoping they can someday charge for what they now give away. Take ESPN, which lost a bundle for parent Getty Oil last year by running sports 24 hours a day, even though it may have hauled in more revenue than any other ad-supported network. ESPN President Chet Simmons says it right out: "Pay TV is what we want."

But ESPN will have a hard time getting it. Outbid by the three free over-the-air networks for rights to many front-page sports events, ESPN has been building an audience by offering topflight boxing, Canadian football, pro soccer and sports roundups. Unfortunately, there is not enough such stuff to fill 24 hours every day. So ESPN has also run college swimming, wrestling, rodeos and volleyball. Not exactly surefire audience builders. And recently, because of the big money being paid by others to get on the wire, ESPN has had to pay operators a yearly fee of 10 cents per home. So, losses this year could stay high.

For owners of professional sports franchises, however, pay TV could be a gold mine. Former TV producer and now Chicago White Sox owner Eddie Einhorn has just set up an over-the-air pay channel that will present games of the Sox and three other Chicago professional teams for $22 per month. Following Einhorn's lead are New York's Islanders and Mets, which have both just signed 30-year pacts with Sportschannel to carry their games on pay TV.

When will you see the World Series or Superbowl on pay TV? Again, don't hold your breath. The NFL has signed a five-year, $2 billion contract with the commercial networks. So the Superbowl won't be on pay TV until 1988 at the earliest. Even then, there's a roadblock. "Congress

Unlike pay TV services, which charge monthly fees, pay-per-view channels charge one-time fees for spectaculars such as a title fight or a Rolling Stones concert. But pay-per-view has one problem as a business proposition: lack of big events. The talk you hear about big movies bypassing theaters and going directly to TV will remain mostly talk until pay-per-view becomes widespread. But think of it: 1 million homes paying $10 apiece to see a film. That's a cool $10 million right off the bat.

could pass a law to keep such big-time sporting events free," predicts Michael Fuchs, HBO's vice president for programming. Political opposition to pay TV may fall, of course, when cable does reach a majority of homes.

For now, cable sports will get network leftovers. ESPN, for example, signed a pact in September with ABC Sports to cover events that ABC owns but does not want to broadcast. CBS has a similar deal with USA Network.

Because it offers a mixed bag of programming, the USA Network is increasingly likely to attract advertisers. It also best illustrates the future of cable programming: not all that much different from free TV. Sports—but front-page stuff and only at night and on weekends, when men are watching. Women's and children's programs during the day. And cultural programs also on weekends.

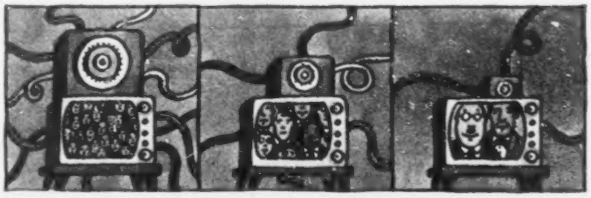
Surprisingly, some of the most culture-conscious and original cable programming is coming from the commercial networks, which until recently had little interest in cable. Regulations have prevented them from buying cable operators, but CBS and ABC (with the Hearst Corp.) have both begun programming "quality stuff" for cable. In addition, NBC's parent, RCA Corp., and Rockefeller Center Cable are presenting BBC products over cable. Here again a shakeout is likely. "One such pay channel, charging premium rates, could become very successful," says Alvin Perlmutter, a highly regarded independent TV producer, "but it's hard to believe Americans will support three cultural channels."

No one is more interested in pay TV than Westinghouse. This year, in conjunction with Disney, it will launch a pay channel offering family fare. The startup cost? An estimated $125 million. It also started a pay movie channel—Home Theater Network—and a pay country-music channel. Westinghouse is also an operator, having paid $646 million for Teleprompter, which has been renamed Group W Cable and runs 130 systems. You have to hand it to pioneers like Turner and Ritchie. Many executives concentrate on quarterly earnings. These two are looking to the long term and backing their beliefs with big dollars.

Notably absent from the list of players are those companies most associated in the public's mind with cable—moviemakers. Rather than gambling on cable, they are cutting costs. But hopes are running high. Think of all those wires out there, eager for something to broadcast. What better answer than old movies, even those played and replayed on regular TV? A great old movie goes on forever. But Hollywood, fearing the unknown, has by and large stayed away from investing in the new technology. The reasoning is that the technology is so advanced, yet has so little present use, it just doesn't make good business sense to predict how it will be applied.

Among the movie folks most excited about cable, so far, are makers of adult films. In Columbus, for example, Qube, the much ballyhooed two-way cable system owned by Warner Amex, has a pay-per-view adult fare channel that is a big hit. There already are several adult-film networks throughout the country. The most successful, Escapade—which among other things is putting a video version of *Playboy* on cable—has attracted more than 200,000 subscribers on 115 systems. Another network is Private Screenings, which is soon to go public and recently caused a stir on Wall Street when it showed securities analysts a sample of its assets. In its portfolio are such gems as *Six Swedes at a Pump* and *There's No Sex Like Snow Sex*. The outlook for such programmers would be more exciting except for political opposition to sex on the airwaves.

Dirty movies—is that where all this technological dazzle is headed? Not at all. The promise of cable to link high quality and solid economics remains, nowhere more evident than in Qube itself. Qube's "interactive" feature offers pay-per-view. Unlike pay services like HBO, which charge monthly fees, pay-per-view channels charge one-time fees for spectaculars such as a title fight or a Rolling Stones concert. But pay-per-view has one problem as a business proposition: lack of big events.



Now that franchises have been awarded in many cities, there is a gold rush to develop programming to put over those wires. Sure, cable will fulfill its promise someday. But not much gold will be mined until some pioneers get burned.

The talk you hear about big movies' bypassing theaters and going directly to TV will remain mostly talk until pay-per-view becomes widespread. But think of it: 1 million homes paying $10 apiece to see a film. That's a cool $10 million right off the bat.

In Columbus, Qube has 38,000 homes hooked up for pay-per-view. If you live in one of them and watch one of the seven pay-per-view channels for more than two minutes, you get a bill. In addition to the highly popular adult fare, Qube runs films that have yet to hit the subscription services, concerts, specials and sports. Warner Amex is building Qube with its pay-per-view capabilities in such big markets as Chicago, Houston and Pittsburgh.

That's the future. So far Qube's main accomplishment has been to help nail down franchises for Warner Amex by wowing municipalities with its bells and whistles. In 1980, for example, Warner Amex got the right to wire 1.1 million of all 1.6 million homes up for bid.

While pay-per-view gets its act together, the monthly service outfits are pulling in money. In addition to its HBO operation, Time Inc. launched a second pay channel in late 1980, Cinemax, that offers mostly foreign and classic films. It also increased HBO's air time to 24 hours a day. And it's boosting this year's HBO advertising budget from $10 million to $18 million. "We've got to move away from movies alone," says HBO's Fuchs, who is developing comedy and music specials, Broadway plays, big-ticket sporting events and original programming. He may also have to protect HBO's flanks against a new competitor, ABC, which last month announced an over-the-air service to provide movies by cassette for a monthly fee.

Time Inc. is also putting printed matter on TV screens. This fall, through cable subsidiaries in San Diego and Orlando, it will test a process called videotext, an interactive communications system linked to a computer that allows a user to select up to 5,000 "pages" of text and display them on his TV screen. Included will be news, restaurant guides, movie schedules and other services.

Another experiment is taking place in Coral Gables, Fla. Knight-Ridder and AT&T have completed a test in which some 600 residents were invited to do such things as grocery shopping and bill paying through their TV sets—with information sent over phone lines. A third test, between AT&T and CBS, is going on in New Jersey (*see* FORBES, *Jan. 4*).

What if these experiments succeed? Would that mean the future of the print media is less than bright? By no means. No major publisher envisions videotext as a complete substitute for his product. The moneymaking incentive simply isn't there. The old technology continues to attract big advertising dollars. In 1981 publishing ad revenues were up and now approach $30 billion annually.

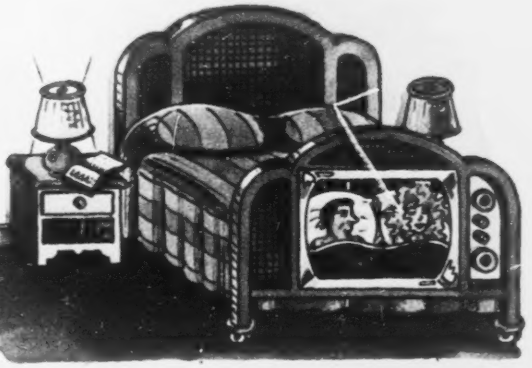
The day the home video revolution becomes a reality—and can attract a significant portion of that figure—is years away at best. Some of the savviest publishers will sit on the sidelines until the dust clears. When they jump in, hardware costs will be far smaller as technology produces more efficient products at lower prices. They will also be able to see and avoid the mistakes of the early entrants.

But lurking in the background is AT&T. What if the telecommunications giant, which is hooked up to most American homes, is completely deregulated? If its lines were allowed to carry everything from classified ads to local news—all for a juicy fee, of course—publishers know they would really have something to worry about.

Beyond that there are other challenges. Will more powerful satellites combined with home "dish" antennas bypass cable? And what of the TV video game phenomenon? What will that do to available viewing time as the games become more sophisticated and more adult-oriented?

People, after all, have only so much time. Many will even continue to read; video has not really replaced Gutenberg. A lot of people who rushed into the new technology will be burned. A lot of others will make money.

TV producer Al Perlmutter ponders the situation, and then shakes his head. "A lot of people are flying blind," he says. "All anybody can do is try to dodge the rough spots and avoid a crash landing." ■



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Words of the wires

Every industry has its own lingo, but cable TV terminology has been proliferating even faster than cable networks. To help get a clearer picture, here are some common buzzwords, with definitions.

Basic Cable Improved reception and increased availability of signals provided by direct connection of home TV sets to a wire.

Broadcasting Transmitting signals over the air to television sets or radios.

Cablecasting Programming originated by and distributed through cables, rather than over the air.

Community Antenna Television (CATV) Often used interchangeably with cable television, implies the earlier, less sophisticated systems usually limited to 12-channel capacity.

Direct Broadcast Satellite Orbiting relay station that delivers signals directly from ground transmitters to homes through the use of earth stations.

Dish Ground terminal that uses antennas to transmit, receive and process communications via satellite.

Earth Station Like "dish," but a larger terminal.

Franchise Contractual agreement between a cable operator and the governing municipal authority; a license to operate the wire.

Hardware Equipment involved in production, storage, distribution or reception of electronic signals.

Homes Passed Number of homes readily available to cable systems because feeder lines are in place.

Independent FCC licensed over-the-air TV station that has no exclusive affiliation with a network.

Interactive Cable Systems giving individual subscribers the ability to receive and send out signals.

Narrowcasting Programming of a highly specific nature geared to smaller audiences.

Operator Company that owns hardware over which video signals are sent.

Pay-per-view Billing system in which subscribers pay for one-time viewing of specific programs.

Pay TV System in which subscribers pay, usually once a month; most popular programs are movies.

Scrambler Device used to alter a signal electronically so that it can be viewed only on a receiver equipped with a decoder.

Software Another name for programming and programming materials.

Superstation A conventional television channel given national range by bouncing its signals off a satellite and then distributed locally by cable.

Teletext A one-way words-on-screen service with a limited data capacity.

Two-way Capacity Systems giving individual subscribers the ability to receive and send out signals.

Videotext A two-way words-on-screen service delivered via cable or telephone lines.

Source: Cablevision *magazine and* FORBES.

The corner hardware store fought off Sears in the Fifties and home center chains in the Seventies. Is it invincible?

Screws, bolts . . . and tighter competition

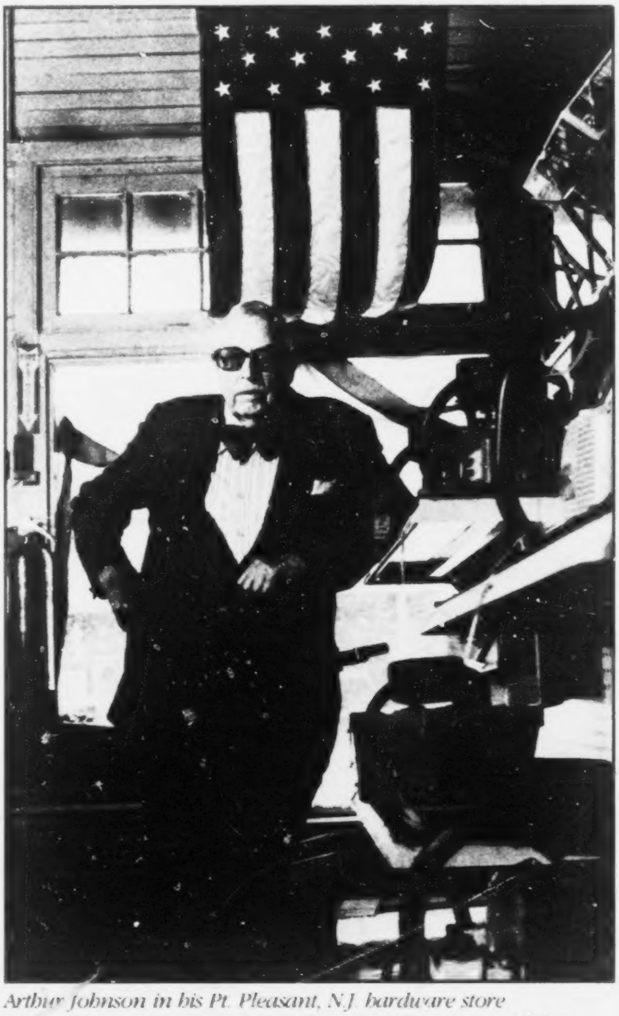
By Jeff Blyskal

JOHNSON'S PT. PLEASANT Hardware on the New Jersey shore is exactly what you would expect of a 100-year-old corner store. Every tool, screw, nut and bolt you need; worn oak floors and plenty of Johnsons asking if they can help you find something.

But walk down the aisles, past the bags of Scott's Turf Builder and the Stihl chain saws, and you're in for a surprise. In the back room an IBM System 34 computer quietly watches over billings, expenses, margins and $2.5 million annual sales. America's small family-owned hardware store, says 78-year-old Arthur Johnson, "is fairly sophisticated these days."

It better be. In a down market, competition among hardware stores, home centers, lumber yards and anyone else who sells home improvement products is intense. Even the corporate giants are not safe if poorly managed. Now in Chapter 11, Wickes Cos., with $2.9 billion in annual sales, is an example to all. "They may be the forerunner of a shakeout," says Frank Denny, president of W.R. Grace's $800 million-a-year home center division.

Recession isn't the only bogeyman. In order to appreciate the problems on the horizon, you must first understand the structure of the hardware business. It's a $43 billion industry that is fragmented and subject to surprisingly little outside analysis.



Arthur Johnson in his Pt. Pleasant, N.J. hardware store
Computers and coops keep the small guy competitive.

The market, of course, is more than just hammers and power drills. Hardware stores also sell TV sets, housewares and sporting goods. Home centers, a term basically meaning the larger hardware stores that hold half the market, will likely also have some lumber and extensive lawn and garden departments. Consumer-oriented building materials dealers concentrate on lumber, roofing and masonry products. Sears, Roebuck, meanwhile, sells a lot of Craftsman tools and other related items. Sears, along with Montgomery Ward, Penney, K mart and other general retailers, probably accounts for 25% of all "hardware" sales.

Ten years ago things started to happen. With inflation pushing up the cost of a plumber or electrician, the do-it-yourself market—a true post-World War II phenomenon—boomed even more strongly. It was growing 27% a year by the mid-Seventies—three times 1971 levels. Existing home center chains exploded, and others, like W.R. Grace in 1976, jumped in. By 1980 major chains owned 27% of the market.

All this added to the chaos of conventional hardware stores. How could the corner entrepreneur compete against hundred-million-dollar giants? Enter dealer-owned wholesale cooperatives, the biggest of which is Chicago's 7,000-store Cotter & Co., known to millions of homeowners as True Value. The dozen or so coops, which enjoyed limited popularity since the Fifties as an answer to Sears' rising prominence in the tool business, became essential to survival for the independents.

Historically, hardware stores bought from small local wholesalers. But joining together as nonprofit cooperatives allowed for volume discounts, created economies of scale in distribution and eliminated wholesaler's profit. "The coop reduced the cost of goods by 16%," says Roy Nyberg, a Sioux Falls, S.Dak. Ace Hardware dealer. "We gave the consumer 10% in lower prices and got an extra 6% profit."

Hardware's shadow industry

To compete with corporate chains, many hardware stores joined dealer-owned cooperatives like Cotter & Co. and Ace Hardware, which offer national brand identification and volume buying and distribution. Other outlets deal with wholesalers who formed their own cooperative merchandising groups. Today the little-known wholesalers and coops account for some $10 billion a year in retail sales.

Group (store identification)	**1981 wholesale sales (millions)**
Cotter & Co* (True Value)	$1,348
Liberty Distributors (Trustworthy, OK, S and T)	800
Ace Hardware*	694
Sentry Hardware	550
PRO Hardware (PRO, PRO Mart, Blue Grass Stores)	547
Hardware Wholesalers Inc*(HWI, Do it)	469
American Hardware Supply* (ServiStar)	412
Val-Test Distributors	350

*Dealer-owned cooperatives

Source: National Retail Hardware Association

True Value also had national recognition through extensive advertising, so members flocked in and sales grew an average 20% per year in the Seventies. Ace switched from being a wholesaler to a coop in 1974, and its sales grew in line with other coops. Over the Seventies, coops snatched a 20% chunk of the market from old-line wholesalers.

The battle, however, doesn't end there. Over the past ten years mergers have consolidated some 400 old-line wholesalers. There are now only 250, and many of the largest have formed their own quasi-cooperative merchandising groups. These give affiliated stores national identification under names like Sentry, PRO Mart and Trustworthy. Once again, bigger meant purchasing power. "Our disadvantage used to be that the coops could get 1% to 5% volume discounts," says Edwin Masback Jr., president of $600 million-a-year Sentry Hardware. "That may not sound like much, but in many cases that's the independent wholesaler's entire profit margin."

Adopting the enemy's strategy, in fact, has kept traditional wholesalers alive. "These guys, especially the strong regionals, are becoming more powerful and more competitive," says John Hammond, editor of *Hardware Retailing*. Unfortunately, however, most retailers have already signed with one of the major groups or cooperatives. "To get new dealers, you have to take them away from someone else," says PRO Hardware's Gary Cosgrave. "That's the way the game is played today."

Everyone wants to get bigger at once. To achieve greater economies of scale, Liberty Distributors, for example, expects to increase its base of 3,000 affiliated stores by 500 this year. Sentry is now big enough to take advantage of national television advertising. It will use that to help woo new dealers and fill gaps in various segments of its nationwide 4,500-store network.

Coops are going at it, too. Ace Hardware, which reportedly is paying sultry singer Suzanne Somers $700,000 to appear in its ads for three years, is moving farther into the Pacific Northwest and New England. Traditionally, New England has been True Value and American Hardware territory. American, meanwhile, is expanding into Ace's and True Value's Midwest and Southwest turf. Hardware Wholesalers Inc., big from Nebraska to Pennsylvania, will head into the East, Florida and the far West. And, since wholesalers and coops also serve as secondary suppliers—Art Johnson's True Value store is also served by Sentry—the battle will be not only for new dealers but for a bigger share of a store's purchases.

The sales pitches play on two major points. Nonprofit coops claim they lay in the merchandise as cheaply as possible. "Our average cost of doing business is 7%," says Lawrence Zehfuss of the American Hardware coop. "Wholesalers' average costs are 21%, plus 3% or 4% profit." Wholesalers point to the value of their service. "The coops' lowest-cost argument is a canard," says Masback. "Many of the expenses have merely been shifted to the dealer. Okay, they take the salesman out of the picture, but that means the dealer has to check his stock, put the orders in and shelve the merchandise, all of which takes up selling time."

All this fighting could spill over into the chain business, too, where expansion is getting harder and harder. "When the growth of the market started," explains Stanley Abramson, who heads Supermarkets General's 32-store Rickel Home Center division, "everyone built in anticipation of continued growth. There may be an overcapacity of stores, at least for now." Abramson should know. As Rickel added outlets and sales, its margins slipped from 6% in 1978 to 4% last year.

Grace's Denny agrees that overall growth has leveled off. But he thinks the smarter chains will continue to expand market share while the alsorans close up shop. "Instead of buying Gamble-Skogmo or going into financial services," he explains, "Wickes [which is heavily builder-oriented] might have been better off to develop its consumer business. Geographic diversity would have helped, too. The upper Midwest is the worst place to be concentrated today."

Even giant Sears is joining the fray. K mart, for example, is now stocking Stanley tools, stiff competition for Sears' private Craftsman line. The current overcapacity of hardware and home center outlets also means that Sears customers don't have to drive all the way to the shopping center to pick up a screwdriver. A study conducted for the National Hardware Retailing Association, in fact, projects that Sears' share of the do-it-yourself market will shrink three points, to 5.5%, by 1990.

Corporate nuts and bolts

Chain-owned home centers now have 27% of the hardware market, but independents still dominate the business. Below are the leading corporate competitors—excluding general retailers like Sears, Ward and Penney and companies that cater primarily to building contractors.

Company (chain names)	**1981 home center sales (millions)**
WR Grace (Handy Dan, Channel, Handy City)	$794
Evans Products (Grossman's, Moore's, Lindsley)	756
Payless Cashways	479
Pay 'n Save (Ernst)	275
Edison Bros (Handyman)	209
Interco (Central Hardware)	194
Supermarkets General (Rickel Home Centers)	180
Hechinger	170

Source: National Retail Hardware Association.; Standard & Poor's

"All the outside studies say that," says Bob Fuzak, Sears' senior buyer for hand tools. "I don't buy it. We've got a few things up our sleeve to keep the customers coming in, and we don't intend to let our business crumble."

Some hardware marketers are thinking about basic changes. With more small and multi-unit, multi-owner housing, Grace, for example, sees the opportunity for business in home energy and home maintenance. "We already sell 150 products that we can install for the customer," explains Denny.

One of the home center chains' biggest drawbacks, of course, has been a lack of the experienced, personal service that local hardware stores can provide. That service breeds customer loyalty. The chains, on the other hand, can afford to advertise more—and they don't have to consult several thousand diverse coop members to set fundamental marketing policy.

So the battle lines in the hardware business seem to be squarely drawn. It's price versus service. Through the growth of coops the little guys have managed to stay roughly even so far, but whether that can continue is a far tougher question. Think about it the next time you need a socket wrench or some drill bits. Where you decide to buy is at least one indicator of the future. ■

Even, perhaps, as you and I, Uncle Sam seems to have caught the slow-pay habit.

The check is in the mail

By Desiree French

EVER HEAR OF THE Slow Pay Coalition? A lesser-known lobbying group in Washington, its mission is to force the federal government to pay its bills on time.

SPC may have succeeded. This month Congress is expected to pass, and the President to sign, legislation that orders the government to pay its bills in 30 days, but with a 15-day grace period. Any federal agency that hasn't paid by the 46th day has to pay interest retroactive to the 31st day, with the rate based on five-year Treasury notes (14%-plus recently).

Slow Pay Coalition leader Kenton Pattie
Making a good citizen out of the federal government.

Moreover, Congress will not appropriate money for this interest. It has to come from agency funds. "Show me an agency that has had its budget cut this year, and I'll show you an agency [that] will eagerly comply [with the legislation]," says Kenton Pattie, leader of the coalition.

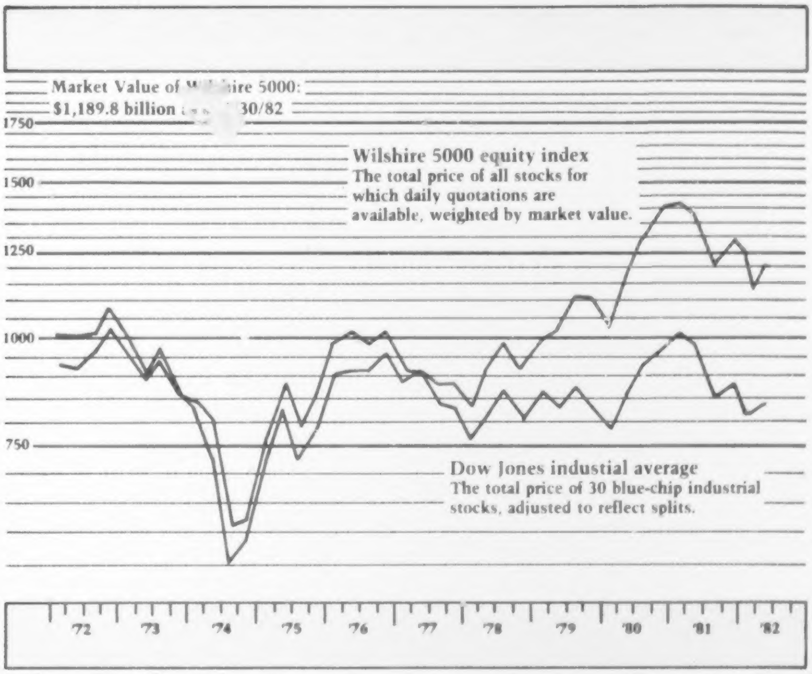
That doesn't mean the Navy will have to pay interest on a $3.5 billion aircraft carrier if it thinks it was overcharged. Contracts under dispute aren't covered by the 45-day rule. And, of course, the contractor must send the bill to the right office.

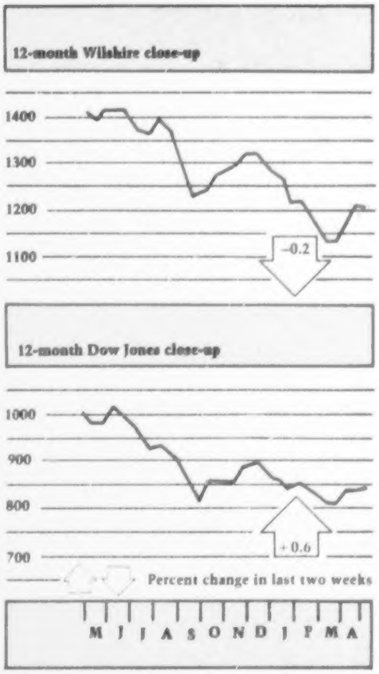
The check-is-in-the-mail syndrome means big money when it comes to Uncle Sam. The General Accounting Office reported in 1978 that the government paid 30% of its bills late. It took an average of 74 days for creditors to collect on that 30%, and the amount ran into billions of dollars. Following up last year, the GAO found little improvement. Result: The Senate passed the pay-on-time measure in December, and in March the House approved it, 396-to-0.

"In effect, the federal government is borrowing up to $11 billion per year from business by not paying its bills on time," says Hilton Davis, a vice president with the U.S. Chamber of Commerce. "And since 90% of the everyday commercial products bought by the federal government come from small dealers, distributors and manufacturers, the biggest burden falls on small businesses."

Businessmen began grumbling in earnest when interest rates pushed to well over 18% in 1980, a year before the Slow Pay Coalition was founded. It's made up of 40 associations, for the most part representing small businesses—which are glad to have the measure, but are not celebrating yet. "It's all good and well to pass this bill," says Irene Eichner, part owner of General Office Furniture Wholesalers, Inc., who says it took her over a year to collect $250,000 from the government. "But you are not dealing with private industry." ■

The Forbes/Wilshire 5000 Review





A time of testing. After six straight winning weeks, the 1982 rally finally faltered. Even so, the bulls aren't totally downtrodden: The 0.2% two-week setback of the Wilshire index still leaves the market more than 6% higher than it was before it began the spring rally. And many individual securities continue to perform well. Some of the best gains, for example, are coming from NASDAQ stocks, which advanced 1.3%. The Dow industrials also bucked the losing trend with a two-week gain of 0.6%. But the rest of the Big Board issues couldn't keep up with the blue-chip Dow. The NYSE index fell 0.3%. Amex stocks, with a 1.3% setback, also contributed to the Wilshire's retreat.

The scorecard for the last four weeks indicates that high-volatility and high-growth stocks have outperformed the overall market by a wide margin. That's good news because a major market rally may depend on all-star performance from these speculative, glamour-oriented issues. While it has been an encouraging few weeks, recent losses have narrowed some of the performance gaps. At the moment, most Wall Streeters would gladly settle for a return to the slow but steady progress the market made this spring. On the other hand, there is legitimate concern that the end of the recent winning streak could cause the market to choke. That could set off a new wave of profit-taking and put the bears back in control.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.6	1.2	1.3	2.1	3.4
in last 52 weeks	−13.7	−14.8	−12.6	−24.1	−14.8

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.8	2.2	3.6	3.7	2.2	4.5	5.1	2.9	2.6	1.9
in last 52 weeks	−12.5	5.9	−22.6	−3.0	3.8	−5.8	−10.2	−0.8	−12.1	−7.4

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.

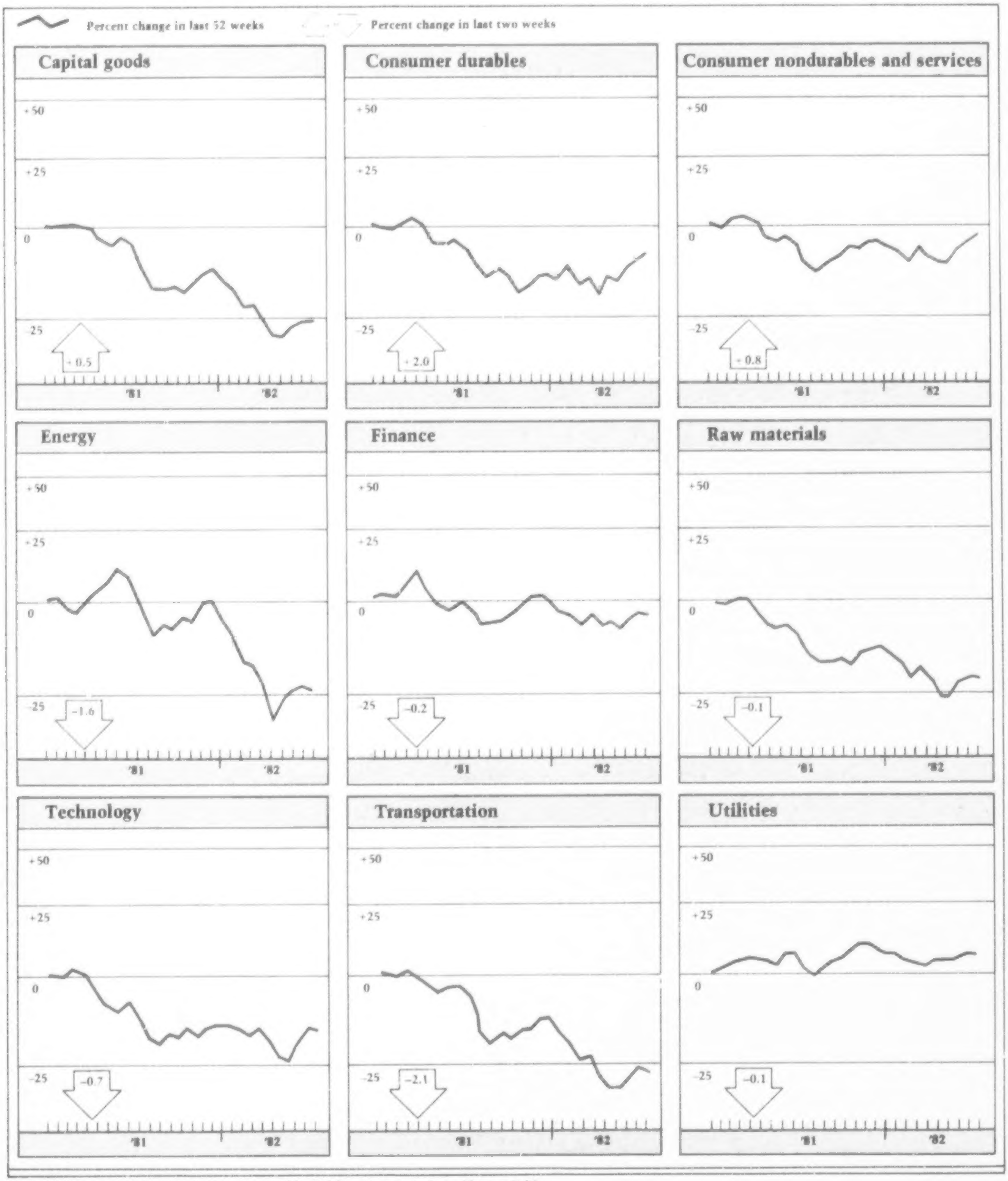
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/30/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Strength in weakness. Six out of nine sectors took their lumps with the rest of the market. Hardest hit was transportation, which suffered a 2.1% setback. Energy stocks declined 1.6%. In the latest two-week period technology issues were off by 0.7% while raw materials, utilities and finance experienced minor setbacks. Still, on a four-week basis, technology stocks lead the eight other sectors with a 3.7% gain.

Over the last two weeks, however, consumer stocks bucked the tide. Consumer durables outperformed all sectors and the major market indicators with a 2.0% gain. Consumer nondurables and services made a modest 0.8% advance. The third sector in the black, capital goods, gained 0.5%. Some investors continue to bank on a consumer-led recovery. This may be blind faith—or they may see something beyond the conventional economic indicators.



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Statistical Spotlight

Mention some bad news, and institutional investors can bomb a stock in one day. Then why do so many companies actively court the professionals?

Love—and hate—on Wall Street

By Howard Rudnitsky

EARLIER THIS YEAR nearly every trading day some technology stock was zapped by finicky institutional investors. Datapoint, for example, fell from 49⅜ to 41 in one day, after announcing it anticipated lower than expected second-quarter earnings. Similar gloom sank Data General, Digital Equipment, EG&G and Western Co. of North America.

Then the bad-news bears hit Federal Express, Sterling Drug, Syntex and even blue chips like Caterpillar Tractor and Deere. "The way some portfolio managers were knocking down stocks for a while, it looked like the go-go days of the 1960s," says Bernard O'Keefe, chief executive of Boston-based EG&G, who saw his stock bounce up again.

What the big boys like . . . now

The stocks of these 36 companies are popular with institutional investors. That often leads to high price/earnings multiples. But there is risk, too: If the pros rush for the door all at once, prices can collapse.

Company	Institutional ownership	5-year EPS growth	Recent price	52-week price range	Revenue (millions)	—Latest 12-month— EPS	P/E	Yield
AMP	86%	21%	58¼	62½–43½	$1,234	$3.75	16	2.4%
Northwest Airlines	78	-51	30½	38¾–22¼	1,854	0.48	NM	2.6
Digital Equipment	76	25	81⅞	113¼–71⅜	3,198	7.53	11	—
Gannett	76	15	35½	46 –29½	1,367	3.17	11	4.9
Consolidated Freightways	74	2	38	45 –32	1,144	9.46	4	4.0
Nalco Chemical	72	13	45	58¼–41	667	4.04	11	5.0
American Broadcasting	71	14	35⅛	38¼–26¾	2,444	5.13	7	4.6
ACF Industries	70	5	36⅝	49½–31½	948	5.36	7	7.5
Associated Dry Goods	70	7	33⅛	33⅞–23⅝	2,751	4.17	8	5.4
Capital Cities Comm	70	19	76	80½–64⅜	574	6.12	12	0.3
Automatic Data Process	69	18	26⅝	31¾–23	558	1.66	16	1.7
E-Systems	67	0	29¼	29¾–19¼	572	1.67	18	2.1
Federal Express	67	58	54⅛	72¼–44¼	589	3.65	15	—
Datapoint	66	34	21¾	66 –19⅝	396	2.37	9	—
Diebold	66	53	60½	60¾–33¼	386	3.37	18	1.3
McDonald's	66	19	68¼	72⅞–56¾	2,516	6.54	10	1.5
Bausch & Lomb	65	20	45⅝	58½–35¾	533	0.82	NM	3.4
Betz Laboratories	65	21	26¼	33¼–23¾	253	1.83	14	2.9
Monsanto	65	1	65½	87½–59½	6,948	10.40	6	5.8
Raychem	65	28	56	72 –48½	525	4.04	14	0.8
Ryder System	65	16	30⅜	40½–23½	1,946	3.84	8	3.6
Denny's	64	6	23	25 –14¾	849	2.38	10	2.8
Texas Instruments	64	–4	88⅜	124 –70½	4,206	4.62	19	2.3
Air Products & Chem	63	17	35⅝	46⅞–31	1,570	4.50	8	2.3
American Airlines	63	–32	14	21⅝– 9¼	4,109	-1.40	NM	—
Halliburton	63	15	34⅛	70½–32	8,508	5.72	6	4.7
Honeywell	63	12	67	101½–62¼	5,351	11.46	6	5.1
Medtronic	63	28	40⅝	43 –30¾	314	2.73	15	1.4
Philip Morris	63	18	50½	55⅛–44	8,307	5.41	9	4.8
Anheuser-Busch	62	28	47¼	48 –33¾	3,847	4.79	10	2.7
General Mills	62	15	40	41 –32⅜	4,852	4.39	9	4.1
International Paper	62	3	36⅜	49½–32¾	4,983	8.31	4	6.6
RH Macy	62	22	33¼	34⅞–25	2,657	3.75	9	3.0
McDermott	62	–13	23⅛	41⅞–21¾	3,600	4.51	5	7.8
Whirlpool	62	6	29	30½–22	2,437	3.46	8	5.5
Xerox	62	10	38⅝	64 –34½	8,691	7.08	5	7.8

NM: not meaningful.

Sources: *Standard & Poor's; Media General's* Market Data Graphics

What's involved is Wall Street's perpetual love-hate relationship. On one hand, companies encourage professional investors to buy their shares. After all, institutions account for an estimated 70% of trading volume, and courting them involves dealing with a relatively small number of decision makers. But then there's the downside: When pros sour on a stock, they often all want out at once; individuals tend to be far less fickle.

Companies gain favor with institutions for several reasons, but mainly the attractions are strong earnings growth over time, coupled with an aura of glamour. In the late 1960s, for example, Tandy Corp. was "hot," when the pros saw it as an audio play and later as a citizens band radio play. Then, around 1977 CB collapsed—and so did Tandy's stock, but not its earnings. Now, however, the company is back in favor because of its personal computers, but it isn't wooing Wall Street actively. "The institutions use investment screens, and if your results stick out they'll buy your stock," says Garland Asher, director of financial planning.

It isn't so automatic for smaller companies. Diebold, for example, is one-fifth Tandy's size and has long courted institutional investors. "Face it," says Chairman Robert Koontz, "without them you're not going to get a decent P/E ratio." It works for him. His company, which makes a popular automated teller machine for banks, has 72% institutional ownership and a P/E of 18.

Companies also like institutional investors because they make it easier to arrange new financing. Says one executive, "Management hires an investment banker to do the deal quickly. If the company already has institutional investors, the bankers will go to them because that's easier than selling to individuals."

Still, having a heavy institutional presence has its headaches as well. Professionals can sell for reasons having little to do with the company's results. Explains O'Keefe, "One of the problems with many institutions is that they compare their performance to things like a Becker scorecard. As long as they did as well as the other investment advisers, that's O.K."

Some companies, however, have managed to keep the pros out—and few do it as aggressively as Florida-based Winn-Dixie. Per-share earnings and dividends at this supermarket chain have almost doubled since 1975, and return on equity averages about 20%, but institutions today own only 8% of its shares. The company, which is 40% closely held, pays dividends monthly and has 42,000 stockholders—many of whom own fewer than 100 shares. "They're like a fishhook," Vice President Robert Davis says of Wall Street professionals. "You don't feel it much when they come in, but when they come back out it hurts. They're too quarter-by-quarter oriented, and they're insatiable in their demands for information."

These days, some big companies have figured ways to moderate institutional holdings. One approach is to tender for stock when the market is down, at a price premium of 10% or 15%. Tandy did that in 1977, and Metromedia and Teledyne have used a similar technique more recently. "The institutions tender their shares because if they don't they'll have to justify it to an investment committee," says Asher. "If the price goes down later, someone is on the carpet."

The accompanying tables list stocks that are now institutional favorites—as well as some that aren't. Notice it is rare for a company to sport a high P/E ratio without winning the favor of the pros, but the danger that they will run for the exit presents downside risk. On the other hand, stocks that the big boys don't like might benefit someday from a big runup. The pros can panic to buy as readily as they panic to sell. ■

No pros . . . may be good news

The 21 stocks on this list rank near the bottom in terms of institutional ownership of their shares. Sometimes professionals stay away because of poor earnings growth, sometimes because of heavy family ownership and sometimes just to avoid industries they don't like. There is a bright spot in all this, however. If the big boys suddenly get sweet on one of these companies, its shares can go up just as quickly as those of a former favorite can fall.

Company	Institutional ownership	5-year EPS growth	Recent price	52-week price range	Revenue (millions)	Latest 12-month EPS	Latest 12-month P/E	Yield
American Brands	19%	26%	42¼	34 –46	$ 6,538	$6.68	7	8.3%
Asarco	18	41	21¼	17¼–44⅜	1,532	1.54	14	3.8
Ashland Oil	9	–4	22⅛	20½–39¾	9,262	3.07	7	10.9
Baldwin-United	18	22	68⅛	36¾–71	2,492	7.73	9	2.4
Caesars World	2	57	9⅝	6⅝–13⅜	626	1.20	8	—
Chrysler	9	NM	5	3⅛– 7⅝	10,822	–7.25	NM	—
ConAgra	14	18	22⅝	16 –25	1,377	2.36	10	3.8
Grumman	8	–11	26	21 –39¾	1,916	1.45	14	7.0
G Heileman Brewing	11	28	23⅞	21 –32⅝	807	3.05	8	3.4
Insilco	14	12	15¼	14⅛–21¾	685	2.20	7	6.6
IU International	18	36	13	11¼–19⅛	2,323	2.77	5	8.5
Maryland Cup	18	15	34⅛	31⅝–43¾	647	4.55	8	2.6
Occidental Petroleum	18	71	19¾	18⅝–31¼	14,708	7.77	3	12.7
Ogden	18	10	26⅞	23¼–39⅞	2,324	4.86	6	6.7
Pan Am World Airways	1	–60	3¾	2½– 6	3,793	–0.26	NM	—
SCM	13	6	21½	19⅝–31⅝	1,938	3.93	5	9.3
Standard Oil Ohio	19	65	33⅝	29⅛–54⅛	13,457	7.92	4	7.1
Tesoro Petroleum	10	91	20⅝	13½–24½	3,035	4.75	4	1.9
Universal Leaf Tobacco	17	15	25¾	21¾–27⅝	988	3.76	7	6.4
Winn-Dixie Stores	8	11	34¾	28⅛–37¼	6,200	3.92	9	6.2
Zenith Radio	17	–4	15⅛	10¼–21½	1,275	0.82	18	2.0

NM: not meaningful.

Sources: *Standard & Poor's; Media General's* Market Data Graphics

JUNE 7, 1982 TWO DOLLARS AND FIFTY CENTS

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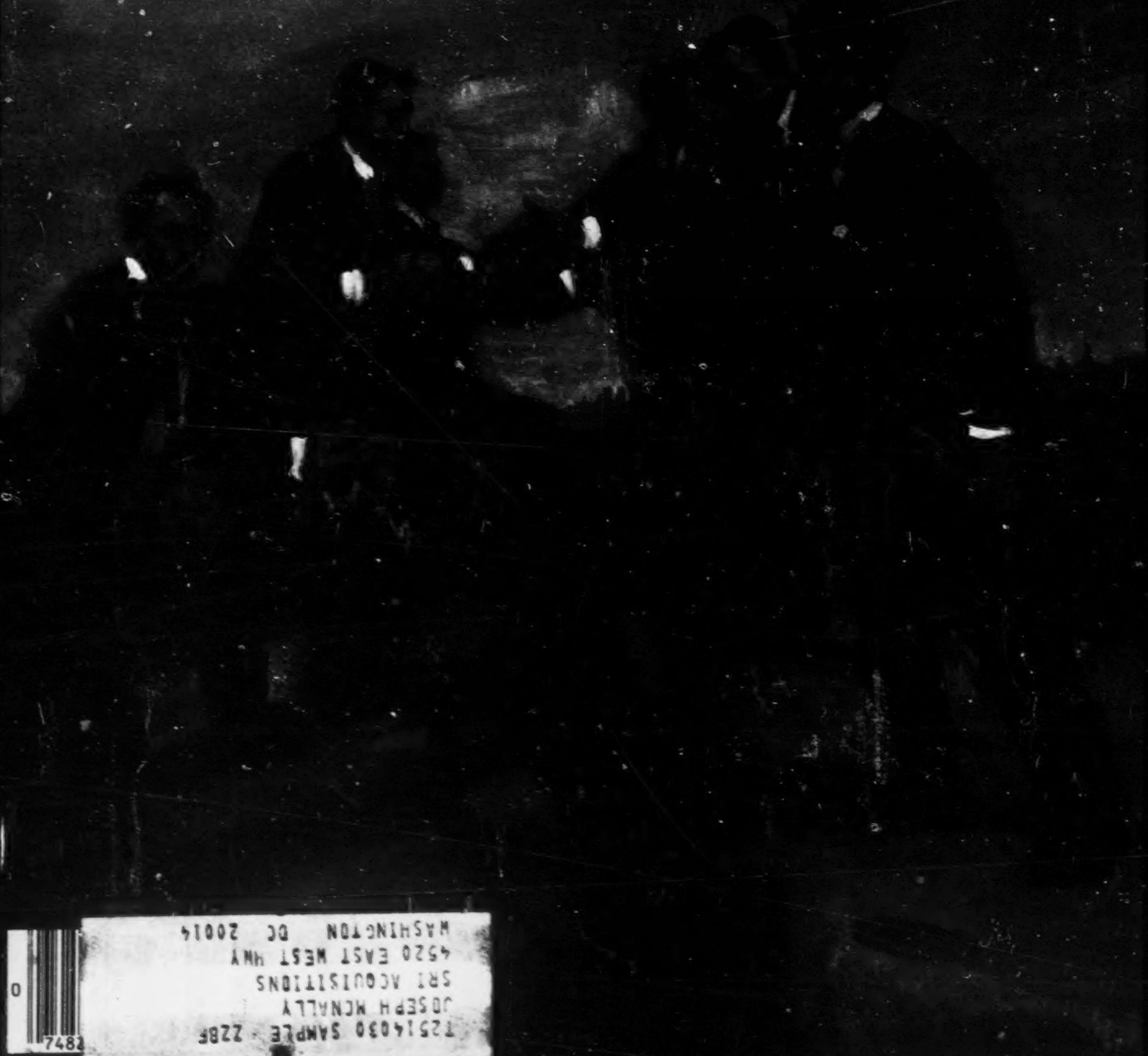
Forbes

EAST-WEST TRADE

TROUBLING DEALS, WARY HOPES



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Forbes

June 7, 1982
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Number 12

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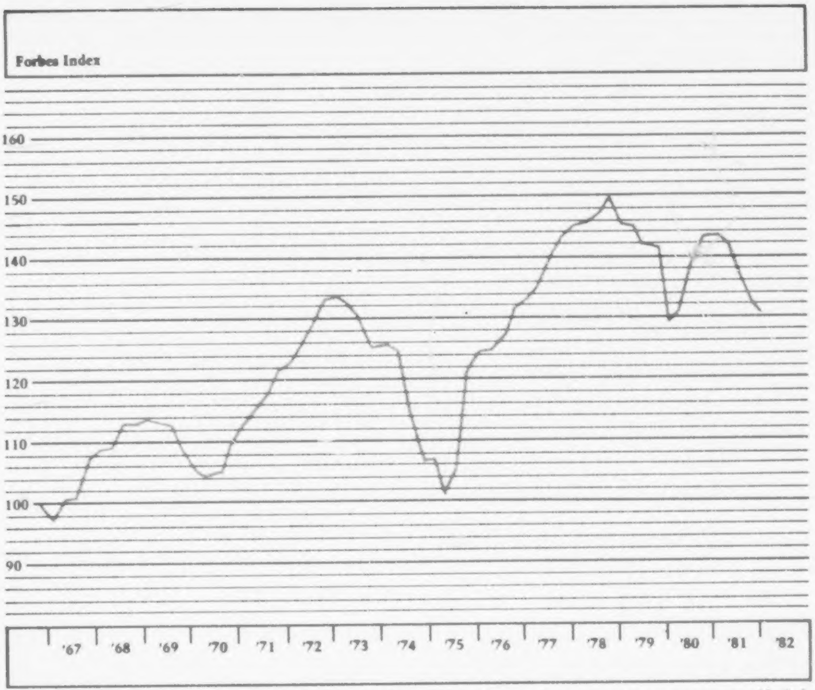
The Forbes Index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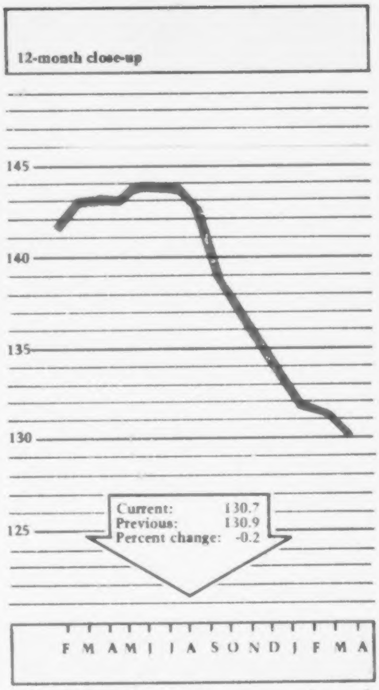

12-month close-up

A mixed bag. The Forbes Index still does not show that a recovery has begun. But several components indicate that an upturn may soon be in the offing. Consumers, who will presumably lead the recovery when it does arrive, are already stepping up their purchasing. Retail store sales increased by 1.4% in April. Consumer installment debt rose nearly as much, some 1.1%.

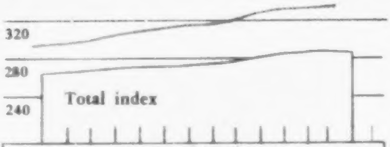
While some households were buying, however, others were paying off debt—but the rate of repayment slowed. Liquidations dropped by 2.2%. This is hardly good news, since debt payoffs boost the ability of consumers to take on more credit.

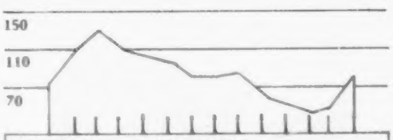
There is more significant bad news, too. Industrial production fell by 0.6%. Unemployment claims rose by 15%, and next month's figures are expected to be worse. At best, the economy is bottoming out.

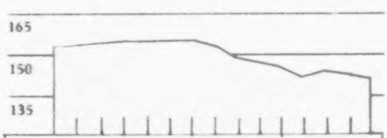
The Forbes Index Components

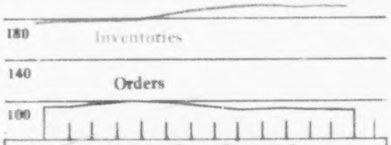
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.**

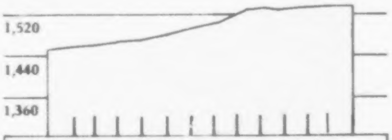
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

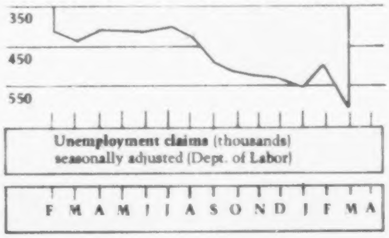

Consumer price indexes (1967=100) all urban consumers, unadjusted (Dept. of Labor)

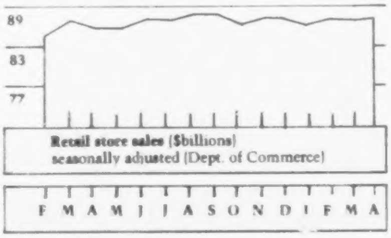

New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)

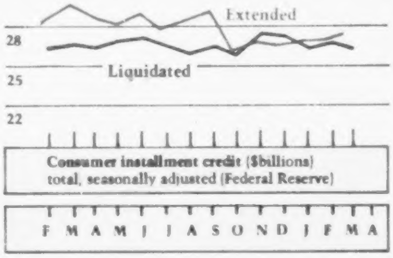

Industrial production index (1967=100) seasonally adjusted (Federal Reserve)


Manufacturers new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)


Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)


Unemployment claims (thousands) seasonally adjusted (Dept. of Labor)


Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)


Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Your typical corporate executive earns less than many rock stars and negligence lawyers. But what with options and performance bonuses, some of the numbers got pretty fancy last year.

Who gets the most pay

SIGN OF THE TIMES: The highest-paid executive in the land last year didn't do it by making cars or drilling for oil. He sells escapism and entertainment. Steven Ross of Warner Communications pulled down $22.5 million in salary, bonus, benefits, contingent remuneration and stock gains in 1981 to head the list of the 798 executives beginning on page 76.

Ross made most of that staggering sum by exercising options and appreciation rights on Warner stock, which has run up 200% since 1979, partly on the spectacular success of Warner's video games subsidiary, Atari. It's significant that runner-up Charles Lazarus of Toys 'R' Us also is in recreation; and that there's not a single automobile, chemical or mining company CEO in the top ten. Smokestacks are out. Fun and games are in.

Last year, the Golden Paycheck companies were heavily weighted toward oil and related industries. This year, energy is represented by Union Pacific and Texas International, and indirectly by Dresser Industries, a supplier of services and technology to the energy industry rather than a producer of energy.

Here's a hint for those who aspire to a Golden Paycheck: The top ten in executive compensation bear little resemblance to the top in sales, profits, assets or market value. For example, American Tel & Tel leads three of those four lists in the FORBES 500s (FORBES, *May 10*) but AT&T CEO Charles Brown, although well paid at $1 million, shows up in 103rd place on the compensation list; and Exxon President Clifton Garvin Jr. is number 46.

It was not all that long ago, in 1973, that an American executive—Richard Gerstenberg, then chairman of General Motors—approached the $1 million mark in annual compensation. Now, using the current reporting standards of the SEC, over 100 CEOs make more than that, and over a score of them topped $2 million. Gerstenberg's current successor is not among them: GM's Roger Smith stood 392nd in 1981 at a total compensation of $489,000.

Listed in the table are the chief executives of the 798 companies that qualified for one or more of the FORBES 500s lists. Their total compensation was $520 million. Median salary and bonus: $400,000—a nice living but hardly scandalously excessive. Here's something else about these numbers: Compensation earned for past performance, but paid in 1981, is included. So not all the money was *earned* in 1981. Also, the table shows accruals made on company books for long-term performance plans and employment agreements that call for payments if and when certain conditions are met. But the conditions may not be met; performance may fall short. Or the executive may quit to join a competitor. Therefore, there is a degree of iffiness in the numbers. However, the "stock gains" column shows gains *realized* in shares or cash from the exercise of options or appreciation rights.

Some year-to-year comparisons can be distorted by special circumstances. For example, the salary and bonus of Gulf & Western's Charles Bluhdorn and W.R. Grace's J. Peter Grace both doubled in 1981. Grace's board awarded him a $1 million bonus for 36 years of service as CEO. In Bluhdorn's case, his salary and bonus included a special accrual for a change in a compensation plan that increased his bonus trust account by $554,000.

Steve Ross' $22 million paycheck is a record that may stand for a while. How does it compare with compensation outside the ranks of business? Well, boxer Sugar Ray Leonard made $13 million on one fight last year, and Wayne Newton makes $9 million singing for 37 weeks in Las Vegas.

Definitions

The Securities & Exchange Commission's latest requirements for proxy statements are the basis for the numbers in the table that follows.

Salary and bonus

Includes—in addition to salary and cash bonuses—directors' fees, commissions and payments made on long-term incentive plans.

Benefits

Includes cash-equivalent forms of compensation such as company-paid life insurance premiums or club dues, use of company car or plane and other fringe benefits; also stock bonus awards, thrift plan contributions and restricted stock awards vested or released from restrictions in 1981.

Contingent remuneration

Includes the amounts expensed for deferred compensation agreements and accruals (or credits) under performance-related long-term incentive plans.

Stock gains

Includes net value realized in shares or cash from the *exercise* of stock options and/or stock appreciation rights (SARs) granted in prior years. SARs may have been previously reported as contingent remuneration.

The Top Ten

1

Steven J. Ross **Warner Communications**		**George T. Scharffenberger** **City Investing**
$ 1,954,136	Salary & bonus	$ 843,500
72,835	Benefits	17,337
1,106,296	Contingent	141,119
19,421,143	Stock gains	2,414,704
$22,554,410	Total	$3,416,660

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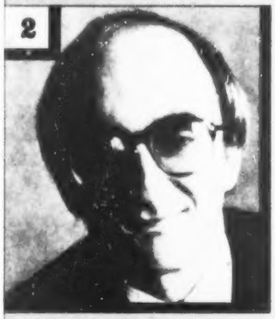

Charles Lazarus **Toys 'R' Us**		**James H. Evans** **Union Pacific**
$1,223,122	Salary & bonus	$ 953,661
10,282	Benefits	7,420
45,400	Contingent	11,550
6,334,200	Stock gains	1,863,100
$7,613,004	Total	$2,835,731

7

3

George Platt **Texas International**		**Dean L. Buntrock** **Waste Management**
$ 640,235	Salary & bonus	$ 523,808
128,067	Benefits	118,322
—	Contingent	—
5,863,000	Stock gains	2,186,859
$6,631,302	Total	$2,828,989

8

4

Frank G. Hickey **General Instrument**		**John V. James** **Dresser Industries**
$ 623,955	Salary & bonus	$ 377,651
8,456	Benefits	11,550
—	Contingent	1,187,120
4,636,839	Stock gains	1,063,902
$5,269,250	Total	$2,640,223

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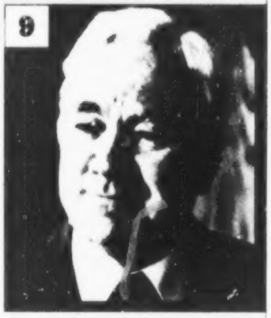
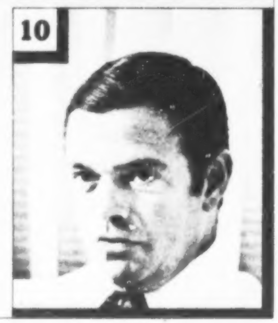


5

David Tendler **Phibro**		**August A. Busch III** **Anheuser-Busch Cos.**
$2,125,000	Salary & bonus	$ 720,950
543,506	Benefits	13,630
1,161,875	Contingent	—
—	Stock gains	1,896,350
$3,830,381	Total	$2,630,930

10



Note: Stock gains may have been previously reported as contingent remuneration

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background[1]
246	Abbott Laboratories	Robert A Schoellhorn (53)	458	21	196	—	675	8	3	Philadelphia, Pa	Technical
100	Aetna Life & Cas	John H Filer (57)	670	25	—	339	1,034	23	9	New Haven, Conn	Insurance
668	Affiliated Bshs Colo	Thomas S Moon (60)	187	15	—	43	245	29	9	Denver, Colo	Banking
389	H F Ahmanson	William H Ahmanson (56)	438	3	55	—	496	32	13	Omaha, Neb	Administration
317	Air Prods & Chems	Edward Donley (60)	575	1	10	—	585	39	8	Highland Park, Mich	Technical
529	Akzona	Claude S Ramsey (57)	350	2	—	—	352	32	15	Asheville, NC	Administration
287	Albertson's	Warren E McCain (56)	599	16	—	—	615	30	5	Logan, Kan	Operations
388	Alco Standard	Ray B Mundt (53)	478	7	13	—	498	12	2	Appleton, Wisc	Operations
467	Alexander & Alexander	John A Bogardus Jr (54)	405	9	—	—	414	31	3	New York, NY	Insurance
266	Alleghany	Fred M Kirby (62)	639	—	—	—	639	24	15	Wilkes Barre, Pa	Investment
27	Allegheny Intl	Robert J Buckley (58)	843	255	150	391	1,640	10	7	New York, NY	Operations
694	Allegheny Power	Charles B Finch (62)	220	7	—	—	227	28	10	New York, NY	Legal
736	Allied Bancshares	Gerald H Smith (51)	158	33	—	—	191	23	10	Grovcton, Tex	Banking
83	Allied Corp	Edward L Hennessey Jr (54)	788	101	286	—	1,174	3	3	Boston, Mass	Finance
139	Allied Stores	Thomas M Macioce (63)	650	120	128	—	897[2]	22	10	New York, NY	Legal
289	Allis-Chalmers	David C Scott (66)	429	78	108	—	615	13	13	Akron, Ohio	Technical
154	Alcoa	W H Krome George (64)	625	28	19	185	857	40	7	St Louis, Mo	Technical
72	AMAX	Pierre Gousseland (60)	690	47	—	507	1,244	33	5	France	Technical
373	Amdahl	Eugene R White (51)	429	6	82	—	516	7	2	Bangor, Me	Administration
704	Amerada Hess	Leon Hess (68)	200	10	8	—	218	49	9	Asbury Park, NJ	Founder
498	American Airlines	Albert V Casey (62)	375	3	—	—	378	8	8	Boston, Mass	Finance
718	American Bancorp	Samuel A McCullough (43)	185	—	19	—	204	6	4	Pittsburgh, Pa	Banking
105	American Brands	Edward W Whittemore (59)	542	42	342	87	1,014	35	1	New York, NY	Marketing
77	Amer Broadcasting	Leonard H Goldenson (76)	746	65	405	—	1,215	48	32	Scottdale, Pa	Legal
245	American Can	William S Woodside (60)	653	23	—	—	676	32	2	Columbus, Ohio	Operations
279	American Cyanamid	Dr James G Affleck (59)	459	30	137	—	626	35	6	Yonkers, NY	Administration
537	American Elec Power	Willis S White Jr (55)	319	16	9	—	344	33	6	Portsmouth, Va	Technical
106	American Express	James D Robinson III (46)	712	7	66	225	1,011	11	5	Atlanta, Ga	Finance
727	American Fletcher	Frank E McKinney Jr (43)	198	1	—	—	199	14	9	Indianapolis, Ind	Banking
406	American General	Harold S Hook (50)	407	54	18	—	479	11	3	Kansas City, Mo	Insurance
40	American Home Prod	John W Culligan (65)	638	—	411	424	1,472	45	1	Newark, NJ	Marketing
324	Amer Hospital Supply	Karl D Bays (48)	543	29	—	—	572	23	11	Loyall, Ky	Sales
14	American Intl Group	Maurice R Greenberg (57)	476	3	—	1,876	2,355	21	15	New York, NY	Insurance
169	Amer Medical Intl	Royce Diener (64)	563	4	266	—	833	12	6	Baltimore, Md	Finance
432	American Motors	[3]Gerald C Meyers (53)	418	11	24	—	454	20	4	Buffalo, NY	Technical
565	American Natl Ins	Orson C Clay (51)	247	5	—	73	325	11	4	Bountiful, Utah	Administration
552	Amer Nat Resources	Arthur R Seder Jr (62)	320	—	13	—	333	22	5	Oak Park, Ill	Legal
562	American Petrofina	Richard I Galland (65)	304	23	—	—	327	24	13	Denver, Colo	Legal
767	Amer Savings & Loan	Morris N Broad (47)	158	2	10	-5	164	25	17	Burlington, Vt	Finance
628	American Security	W Jarvis Moody (54)	239	1	31	—	270	18	2	Mineola, NY	Banking
52	American Standard	William A Marquard (62)	957	306	106	—	1,369	29	10	Pittsburgh, Pa	Operations
401	American Stores	Lennie S Skaggs (58)	467	16	—	—	482	37	16	Yakima, Wash	Retailing
103	American Tel & Tel	Charles L Brown (60)	889	6	130	—	1,025	36	3	Richmond, Va	Operations
495	AmeriTrust	M Brock Weir (60)	359	14	8	—	381	9	9	Wenatchee, Wash	Banking
141	AMF	W Thomas York (48)	639	56	—	200	895	13	4	Archdale, NC	Finance
212	Amfac	Henry A Walker Jr (60)	675	13	52	—	740	34	14	Honolulu, Haw	Operations
333	AMP	[4]Joseph D Brenner (65)	454	109	—	—	563	35	10	Carlisle, Pa	Operations
661	AmSouth Bancorp	John W Woods (50)	200	48	—	—	248	12	10	Evanston, Ill	Banking
409	Amstar	Robert T Quittmeyer (61)	408	2	9	58	478	26	10	Peekskill, NY	Legal
551	Anderson, Clayton	Thomas J Barlow (60)	303	3	27	—	334	36	15	Houston, Tex	Operations

[1] For FORBES definitions and methodology see page 74.
[2] Figures are for year ended 1/31/81.
[3] Succeeded by W. Paul Tippett Jr., 1/15/82.
[4] Succeeded by Walter F. Raab, 5/1/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
10	Anheuser-Busch Cos	August A Busch III (45)	721	14	—	1,896	2,631	25	7	St Louis, Mo	Operations
739	Apple Computer	A C Markkula Jr (40)	180	7	—	—	188	5	1	Los Angeles, Cal	Marketing
452	ARA Services	William S Fishman (66)	428	6	—	—	435	42	7	Clinton, Ind	Founder
337	Archer Danls Midland	Dwayne O Andreas (64)	557	—	—	—	557	11	11	Worthington, Minn	Finance
708	Arizona Bank	Donald B Tostenrud (57)	202	11	—	—	213	22	4	Estherville, Iowa	Banking
627	Arizona Public Serv	Keith L Turley (59)	260	6	4	—	271	30	8	Mesa, Ariz	Administration
261	Arkla	Edward Sheffield Nelson (41)	299	5	13	328	645	18	9	Keevil, Ark	Legal
199	Armco	Harry Holiday Jr (58)	664	16	-29	112	763	33	3	Pittsburgh, Pa	Operations
572	Armstrong World Inds	Harry A Jensen (63)	322	—	—	—	323	41	4	Council Bluffs, Iowa	Operations
328	ASARCO	[5]Charles F Barber (65)	560	—	10	—	570	26	11	Chicago, Ill	Legal
570	Ashland Oil	John R Hall (49)	309	16	—	—	325	25	1	Dallas, Tex	Technical
301	Associated Dry Goods	William P Arnold (57)	213	54	336	—	603	34	3	Omaha, Neb	Retailing
713	Atlantic Bancorp	Billy J Walker (51)	207	—	—	—	207	33	6	Baker County, Fla	Banking
96	Atlantic Richfield	[6]Robert O Anderson (65)	754	59	240	—	1,053	40	17	Chicago, Ill	Production
41	Auto Data Processing	Frank R Lautenberg (58)	375	—	—	1,097	1,472	29	6	Paterson, NJ	Marketing
583	Avco	Robert P Bauman (51)	316*	—	—	—	316	1	1	Cleveland, Ohio	Marketing
116	Avnet	Anthony R Hamilton (57)	790	50	126	—	965	25	2	North Bergen, NJ	Operations
285	Avon Products	David W Mitchell (54)	604	12	—	—	616	34	6	Pasadena, Cal	Sales
43	Baker International	Earnest H Clark Jr (55)	821	328	—	298	1,447	35	17	Birmingham, Ala	Technical
274	Baldwin-United	Morley P Thompson (55)	602	29	—	—	631	32	1	San Francisco, Cal	Finance
205	Bally Manufacturing	Robert E Mullane (50)	677	70	4	—	751	9	2	Cincinnati, Ohio	Administration
710	Baltimore Gas & Elec	Bernard C Trueschler (59)	203	3	4	—	210	34	2	Baltimore, Md	Technical
488	Banc One	John G McCoy (69)	387	—	—	—	387	45	22	Marietta, Ohio	Finance
225	BanCal Tri-State	Chauncey E Schmidt (51)	402	21	11	281	715	6	6	Oxford, Iowa	Banking
735	Banco Popular PR	Rafael Carrión Jr (67)	156	—	35	—	191	49	25	San Juan, PR	Banking
682	BancOhio	Arthur D Herrmann (55)	234	—	—	—	234	1	1	Louisville, Ohio	Banking
759	Bancorp Hawaii	Frank J Manaut (58)	160	14	—	—	174	31	1	Alhambra, Cal	Banking
691	[7]Bank of New England	Roderick M MacDougall (56)	222	5	—	—	227	8	3	New York, NY	Banking
298	Bank of New York	[8]Elliott Averett (64)	348	206	52	—	605	42	7	Chatham, NJ	Banking
754	Bank of Virginia	Frederick Deane Jr (55)	165	1	10	—	175	28	8	Boston, Mass	Finance
303	BankAmerica	Samuel H Armacost (43)	566	25	9	—	599	20	1	Newport News, Va	Banking
315	Bankers Trust NY	Alfred Brittain III (59)	542	—	44	—	586	35	7	Evanston, Ill	Banking
610	Barnett Banks Fla	Charles E Rice (46)	292	—	—	—	292	17	2	Chattanooga, Tenn	Banking
513	Bausch & Lomb	Daniel E Gill (46)	357	6	—	—	362	3	1	Ziegler, Ill	Finance
357	Baxter Travenol Labs	Vernon R Loucks Jr (47)	488	44	—	—	533	16	2	Evanston, Ill	Marketing
493	BayBanks	William M Crozier Jr (49)	231	38	—	115	384	18	7	New York, NY	Banking
124	Beatrice Foods	James L Dutt (57)	908	9	31	—	948	35	2	Topeka, Kan	Administration
175	Becton, Dickinson	Wesley J Howe (61)	476	9	147	185	817	33	7	Jersey City, NJ	Administration
678	Belco Petroleum	Arthur B Belfer (75)	235	1	—	—	236	29	29	Poland	Founder
24	Bendix	William M Agee (44)	971	16	112	679	1,779	10	5	Boise, Ida	Finance
459	Beneficial Corp	Finn M W Caspersen (40)	378	17	33	—	429	10	5	New York, NY	Legal
795	Berkshire Hathaway	Warren E Buffet (51)	100	—	—	—	100	12	12	Omaha, Neb	Investment
312	Bethlehem Steel	Donald H Trautlein (55)	556	7	24	—	587	5	2	Sandusky, Ohio	Finance
413	Big Three Industries	Harry K Smith (70)	467	3	4	—	474	56	26	Pittsburgh, Pa	Administration
474	Black & Decker	Francis P Lucier (54)	358	28	15	—	401	19	7	Boston, Mass	Marketing
607	H & R Block	Henry W Bloch (59)	288	—	5	—	293	26	26	Kansas City, Mo	Founder
638	Blue Bell	L Kimsey Mann (65)	212	3	13	35	263	36	8	La Grange, Ga	Production
655	Boatmen's Bancshares	Donald N Brandin (60)	250	1	—	—	251	26	9	New York, NY	Banking
118	Boeing	Thornton A Wilson (61)	751	203	3	—	958	39	13	Sikeston, Mo	Technical
410	Boise Cascade	John B Fery (52)	401	52	24	—	477	25	9	Bellingham, Wash	Production

*CEO joined company in 1981, salary portion annualized.

[1] For Forbes definitions and methodology see page 74.
[5] Succeeded by Ralph L. Hennebach, 4/28/82.
[6] Succeeded by William F. Kieschnick, 5/4/82.
[7] Formerly New England Merchants.
[8] Deceased. Succeeded by J. Carter Bacot, 1/1/82.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	Years served with co.	as CEO	Place of birth	Business background
126	**Borden**	**Eugene J Sullivan** (61)	674	20	248	—	**942**	36	2	New York, NY	Sales
134	**Borg-Warner**	**James F Beré** (59)	545	48	250	63	**907**	21	10	Chicago, Ill	Production
703	**Boston Edison**	**Thomas J Galligan Jr** (62)	217	2	—	—	**219**	28	11	Watertown, Mass	Finance
758	**Braniff Intl**	[9]**John J Casey** (63)	83	—	91	—	**174**	13	1	Boston, Mass	Operations
37	**Bristol-Myers**	**Richard L Gelb** (58)	860	5	15	633	**1,513**	32	10	New York, NY	Administration
733	**Broadview Financial**	**John E Rupert** (54)	193	—	—	—	**193**	28	8	Cleveland, Ohio	Administration
505	**Brown-Forman Dist**	**W L Lyons Brown Jr** (45)	368	3	—	—	**371**	21	6	Louisville, Ky	Marketing
464	**Brown Group**	**W L Hadley Griffin** (64)	356	1	60	—	**416**	35	13	Edwardsville, Ill	Legal
536	**Browning-Ferris Inds**	**Harry J Phillips Sr** (52)	343	2	—	—	**345**	12	4	Memphis, Tenn	Founder
93	**Brunswick**	**K Brooks Abernathy** (63)	592	165	308	—	**1,065**	20	6	Missoula, Mont	Finance
220	**Burlington Inds**	**William A Klopman** (60)	565	3	155	—	**723**	36	5	New York, NY	Marketing
64	**Burlington Northern**	**Richard M Bressler** (51)	985	68	235	—	**1,287**	2	2	Wayne, Neb	Finance
249	**Burroughs**	**W Michael Blumenthal** (56)	665	1	—	—	**666**	2	1	Germany	Administration
29	**Cabot**	**Robert A Charpie** (56)	741	—	859	—	**1,600**	13	13	Cleveland, Ohio	Technical
689	**California First Bnk**	**Yasushi Sumiya** (54)	193	31	4	—	**229**	1	1	Japan	Banking
223	**Cameron Iron Works**	**Myron A Wright** (71)	484	234	—	—	**718**	5	5	Blair, Okla	Administration
510	**Campbell Soup**	**R Gordon McGovern** (55)	360	4	2	—	**366**	26	1	Norristown, Pa	Marketing
379	**Campbell Taggart**	**C B Lane** (57)	345	104	64	—	**513**	35	2	El Paso, Tex	Finance
429	**Capital Cities Comm**	**Thomas S Murphy** (57)	400	13	42	—	**454**	27	15	Brooklyn, NY	Administration
532	**Capital Holding**	**Thomas C Simons** (53)	340	10	—	—	**350**	4	4	Pasadena, Cal	Insurance
214	**Carnation**	**H Everett Olson** (75)	385	—	68	284	**737**	51	14	Chicago, Ill	Finance
677	**Carolina Pwr & Lt**	**Sherwood H Smith Jr** (47)	227	2	7	—	**237**	17	2	Jacksonville, Fla	Legal
371	**Carter Hawley Hale**	**Philip M Hawley** (56)	504	13	—	—	**517**	24	5	Portland, Ore	Retailing
508	**Castle & Cooke**	**Donald J Kirchhoff** (57)	360	6	—	—	**367**	26	7	St Louis, Mo	Administration
306	**Caterpillar Tractor**	**Lee L Morgan** (62)	568	2	27	—	**598**	36	4	Aledo, Ill	Marketing
181	**CBI Industries**	[10]**Marvin G Mitchell** (65)	610	15	177	—	**803**	43	12	Waycross, Ga	Sales
129	**CBS**	**Thomas H Wyman** (52)	855	7	57	—	**920**	2	2	St Louis, Mo	Marketing
526	**CBT**	**Walter J Connolly Jr** (53)	240	4	26	83	**353**	21	5	Boston, Mass	Banking
145	**Celanese**	**John D Macomber** (54)	600	9	-46	329	**892**	9	4	Rochester, NY	Administration
48	[11]**Celeron**	**Gale L Galloway** (52)	366	12	—	1,025	**1,402**	8	2	Pearsall, Tex	Administration
319	[12]**Centel**	**Robert P Reuss** (64)	461	9	112	—	**582**	9	9	Aurora, Ill	Operations
469	**Centerre Bancorp**	**Clarence C Barksdale** (50)	395	10	—	8	**413**	23	4	St Louis, Mo	Banking
611	**Centex**	[13]**Frank M Crossen** (58)	268	24	—	—	**292**	25	16	Dallas, Tex	Finance
650	**Central & South West**	**Durwood Chalker** (58)	241	15	—	—	**256**	32	2	Breckenridge, Tex	Technical
589	**Central Bancorp**	**Oliver W Birckhead** (60)	195	117	—	—	**312**	31	10	Brooklyn, NY	Administration
731	**Central Bancshares**	**Harry B Brock Jr** (56)	196	—	—	—	**196**	11	11	Fort Payne, Ala	Founder
705	**Central Fidelity Bks**	**Carroll L Saine** (48)	210	1	6	—	**217**	25	1	Lincolnton, NC	Banking
783	**Central Ill Pub Svc**	**Donald G Raymer** (57)	137	5	—	—	**142**	34	1	Jackson, Mich	Operations
621	**Central Soya**	**Douglas G Fleming** (52)	272	8	—	—	**280**	28	2	Harvey, Ill	Sales
737	**Centran**	**Wilson M Brown Jr** (55)	175	15	—	—	**190**	5	1	Richmond, Va	Banking
23	**Cessna Aircraft**	**Russell W Meyer Jr** (49)	230	—	101	1,546	**1,876**	8	7	Davenport, Iowa	Legal
349	**Champion Intl**	**Andrew C Sigler** (50)	520	22	1	—	**543**	25	7	Brooklyn, NY	Sales
785	**Charter**	**Raymond K Mason** (55)	69	66	5	—	**140**	30	19	Jacksonville, Fla	Founder
248	**Chase Manhattan**	**Willard C Butcher** (55)	640	30	—	—	**669**	35	2	Bronxville, NY	Banking
171	**Chemical New York**	**Donald C Platten** (63)	770	52	—	—	**822**	41	9	New York, NY	Banking
271	**Chesebrough-Pond's**	**Ralph E Ward** (61)	456	176	—	—	**632**	35	14	Scotch Plains, NJ	Marketing
514	**Chrysler**	**Lee A Iococca** (57)	362	—	—	—	**362**	3	2	Allentown, Pa	Operations
435	**Chubb**	**Henry U Harder** (57)	363	—	87	—	**450**	33	1	New York, NY	Insurance
436	**CIGNA**	[14]**Ralph S Saul** (60)	450*	—	—	—	**450**	7	7	Brooklyn, NY	Legal
721	**Cincinnati G & E**	**William H Dickhoner** (60)	184	—	19	—	**203**	41	6	Cincinnati, Ohio	Technical

*Because of the recent combination of Connecticut General and INA, salary annualized.

[1] For FORBES definitions and methodology see page 74.
[9] Succeeded by Howard D. Putnam, 1/28/82.
[10] Succeeded by William A. Pogue, 1/1/82.
[11] Formerly Central Louisiana Energy.
[12] Formerly Central Telephone & Utilities.
[13] Office jointly held with Paul R. Seegers.
[14] Office jointly held with Robert D. Kilpatrick.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
219	Cincinnati Milacron	James A D Geier (56)	417	4	208	95	723	31	12	Cincinnati, Ohio	Technical
192	Citicorp	Walter B Wriston (62)	675	11	94	—	779	36	12	Middletown, Conn	Banking
352	Cities Service	Charles J Waidelich (53)	477	14	—	48	539	31	1	Columbus, Ohio	Operations
587	Citizens & Sthrn Ga	Bennett A Brown (53)	238	16	60	—	314	27	4	Kingstree, SC	Banking
648	Citizens Fidelity	J David Grissom (43)	258	—	—	—	258	9	5	Portsmouth, Ohio	Legal
340	City Federal S & L	Gilbert G Roessner (64)	256	84	214	—	554	41	12	Irvington, NJ	Banking
6	City Investing	George T Scharffenberger (63)	844	17	141	2,415	3,417	16	16	Ridgewood, NJ	Operations
475	Clark Equipment	James R Rinehart (51)	350*	—	50	—	400	1	1	Hackensack, NJ	Administration
654	Cleveland Elec Illum	Robert M Ginn (58)	230	16	7	—	253	33	3	Detroit, Mich	Technical
332	Coastal Corp	Oscar S Wyatt Jr (57)	562	1	—	—	564	26	26	Beaumont, Tex	Founder
104	Coca-Cola	Roberto C Goizueta (51)	956	26	—	42	1,023	28	1	Cuba	Technical
128	Colgate-Palmolive	Keith Crane (61)	635	19	277	—	931	45	3	New Zealand	Marketing
235	Colonial Penn Group	John J MacWilliams (53)	425	24	248	—	698	13	12	Syracuse, NY	Administration
68	Colt Industries	George A Strichman (65)	701	195	375	—	1,270	19	19	Schenectady, NY	Administration
497	Columbia Gas System	W Frederick Laird (62)	355	23	—	—	378	30	1	London, Ohio	Legal
321	Combined Internatl	[15]Clement Stone (54)	539	39	—	—	577	31	9	Evanston, Ill	Insurance
74	Combustion Eng	Arthur J Santry Jr (63)	858	—	370	—	1,228	26	19	Brookline, Mass	Legal
772	Commerce Bancshrs	James M Kemper Jr (60)	154	8	—	—	162	35	15	Kansas City, Mo	Banking
692	Commerce Clearing	Richard T Merrill (54)	211	16	—	—	227	29	2	Chicago, Ill	Administration
679	[16]Commerce Union	William F Earthman (56)	207	22	7	—	236	28	10	Nashville, Tenn	Finance
427	Commercial Metals	Stanley A Rabin (44)	420	—	36	—	456	12	3	New York, NY	Administration
667	Commonwlth Edison	James J O'Connor (45)	239	6	—	—	245	18	2	Chicago, Ill	Administration
585	Comsat	Joseph V Charyk (61)	305	10	—	—	315	19	12	Canmore, Can	Administration
491	Computervision	Martin Allen (51)	365	5	15	—	384	13	13	Des Moines, Iowa	Founder
84	ConAgra	Charles M Harper (54)	565	116	214	279	1,173	7	6	Lansing, Mich	Administration
640	Consolidated Edison	Arthur Hauspurg (57)	253	8	—	—	261	13	1	New York, NY	Technical
91	Consolidated Foods	John H Bryan Jr (45)	932	9	145	11	1,097	22	7	West Point, Miss	Administration
127	Consol Freightways	Raymond F O'Brien (60)	490	29	274	140	934	24	5	Atchison, Kan	Finance
563	Consol Natural Gas	George J Tankersley (61)	310	17	—	—	327	15	3	Ruston, La	Administration
557	Consumers Power	John D Selby (60)	321	—	8	—	328	7	4	Odebolt, Iowa	Technical
547	[17]Continental Bancorp	Roy T Peraino (54)	337	—	—	—	337	24	12	Philadelphia, Pa	Finance
361	Continental Corp	John B Ricker Jr (64)	410	4	22	95	531	43	6	Augusta, Ga	Insurance
346	Continental Group	S Bruce Smart Jr (59)	525	1	20	—	546	29	1	New York, NY	Marketing
101	Continental Illinois	Roger E Anderson (60)	739	14	112	160	1,026	35	9	Chicago, Ill	Banking
281	[18]Continental Telecom	Charles Wohlstetter (72)	549	31	42	—	621	21	10	New York, NY	Finance
239	Control Data	William C Norris (70)	687	4	—	—	691	24	24	Red Cloud, Neb	Founder
53	Cooper Industries	Robert Cizik (51)	658	357	329	—	1,344	20	7	Scranton, Pa	Finance
417	Corning Glass Works	Amory Houghton Jr (55)	439	9	19	—	467	30	18	Corning, NY	Operations
568	[19]Cox Communications	Clifford M Kirtland Jr (58)	324	1	—	—	325	18	8	Buffalo, NY	Finance
168	CPC International	James W McKee Jr (59)	525	11	221	83	840	35	9	Pittsburgh, Pa	Finance
473	Crane	Thomas M Evans (71)	403	—	—	—	403	23	23	Pittsburgh, Pa	Finance
734	Cray Research	John A Rollwagen (41)	180	—	13	—	193	6	1	Minneapolis, Minn	Marketing
13	Crocker National	Thomas R Wilcox (65)	432	62	—	1,911	2,405	8	8	New York, NY	Banking
463	Crown Central Petrol	Henry A Rosenberg Jr (52)	411	11	—	—	422	29	11	Pittsburgh, Pa	Administration
748	Crown Cork & Seal	John F Connelly (77)	180	1	—	—	181	25	25	Philadelphia, Pa	Sales
669	Crown Zellerbach	William T Creson (52)	225	8	12	—	244	5	1	Lafayette, Ind	Technical
283	Crum & Forster	B P Russell (62)	462	10	148	—	620	40	11	Fort Worth, Tex	Insurance
136	CSX	[20]Prime F Osborn III (66)	647	1	—	254	903	30	5	Greensboro, Ala	Legal
390	Culbro	Edgar M Cullman (64)	470	23	—	—	493	38	19	New York, NY	Administration
635	Cullen/Frost Bankers	Thomas C Frost (54)	251	13	—	—	264	31	11	San Antonio, Tex	Banking

*CEO joined company in 1981, salary annualized.

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[1] For Forbes definitions and methodology see page 74.

[15] Succeeded by W. Clement Stone, 3/2/82.

[16] Formerly Tennessee Valley Bancorp.

[17] Formerly Continental Bank.

[18] Formerly Continental Telephone.

[19] Formerly Cox Broadcasting.

[20] Succeeded by Hays P. Watkins, 5/1/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
32	Cummins Engine	Henry B Schacht (47)	873	36	645	8	1,561	17	12	Erie, Pa	Administration
263	Curtiss-Wright	T Roland Berner (73)	409	106	128	—	642	22	22	New York, NY	Legal
226	Dana	Gerald B Mitchell (54)	582	12	—	121	715	38	2	Goderich, Can	Operations
160	Dart & Kraft	John M Richman (54)	720	134	—	—	854	27	3	New York, NY	Legal
496	Data General	Edson D deCastro (43)	206	—	175	—	381	14	14	Plainfield, NJ	Founder
347	Datapoint	Harold E O'Kelley (57)	361	23	160	—	544	9	9	Jacksonville, Fla	Technical
61	Dayton-Hudson	William A Andres (55)	617	20	—	655	1,292	23	5	Fayette, Iowa	Retailing
722	Dayton Power & Light	Robert E Frazer (53)	193	10	—	—	203	7	4	Detroit, Mich	Finance
254	Deere	William A Hewitt (67)	502	53	—	103	659	33	27	San Francisco, Cal	Marketing
793	Delmarva Power & Lt	Nevius M Curtis (53)	102	3	—	—	105	4	1	Holyoke, Mass	Administration
313	Delta Air Lines	David C Garrett Jr (59)	546	3	38	—	587	35	4	Norris, SC	Operations
709	Deluxe Check Printers	Eugene R Olson (56)	178	35	—	—	212	38	4	St Paul, Minn	Marketing
791	Deposit Guaranty	[21]Warren A Hood (65)	94	4	15	—	112	4	2	Copiah County, Miss	Administration
663	Detroit Edison	Walter J McCarthy Jr (57)	247	—	—	—	247	18	1	New York, NY	Operations
603	DETROITBANK	Donald R Mandich (56)	290	7	—	—	296	31	1	Milwaukee, Wisc	Banking
538	Diamond Intl	William J Koslo (52)	328	16	—	—	344	27	5	Mt Carmel, Pa	Sales
190	Diamond Shamrock	William H Bricker (50)	750	22	12	—	784	13	5	Detroit, Mich	Marketing
395	Digital Equipment	Kenneth H Olsen (56)	485	—	—	—	485	24	24	Bridgeport, Conn	Founder
15	Dillingham	[22]Herbert C Cornuelle (62)	510	44	367	1,420	2,341	12	5	Cincinnati, Ohio	Administration
617	Dillon Cos	Ray E Dillon Jr (58)	270	—	14	—	284	35	19	Hutchinson, Kan	Retailing
422	Walt Disney	E Cardon Walker (66)	344	92	24	—	460	44	5	Rexburg, Ida	Marketing
752	Dominion Bankshares	Warner N Dalhouse (48)	174	5	—	—	179	26	1	Roanoke, Va	Marketing
62	Donaldson, Lufkin	Richard H Jenrette (53)	709	—	580	—	1,289	22	8	Raleigh, NC	Founder
241	R R Donnelley & Sons	Charles W Lake Jr (64)	462	13	207	—	682	36	18	La Porte, Ind	Production
362	Dover	Gary L Roubos (45)	385	3	140	—	528	11	1	Denver, Colo	Operations
290	Dow Chemical	Paul F Oreffice (54)	446	55	20	94	614	29	4	Italy	Finance
88	Dow Jones	Warren H Phillips (56)	461	150	188	330	1,130	35	7	New York, NY	Journalism
421	Dravo	Robert Dickey III (64)	332	6	12	113	463	34	17	Pittsburgh, Pa	Sales
9	Dresser Industries	John V James (63)	378	12	1,187	1,064	2,640	24	12	Plains Township, Pa	Finance
148	E I du Pont	Edward G Jefferson (60)	727	160	—	—	887	31	1	England	Technical
558	Duke Power	[23]Carl Horn Jr (60)	277	24	28	—	328	28	11	Rutherfordton, NC	Legal
79	Dun & Bradstreet	Harrington Drake (62)	650	61	16	486	1,213	34	7	Kansas City, Mo	Marketing
728	Duquesne Light	John M Arthur (59)	194	5	—	—	199	37	13	Pittsburgh, Pa	Operations
458	Eastern Air Lines	Frank Borman (54)	341	44	45	—	430	12	6	Gary, Ind	Technical
462	Eastern Gas & Fuel	William J Pruyn (59)	385	4	33	—	422	30	4	Boston, Mass	Finance
167	Eastman Kodak	Walter A Fallon (64)	806	7	28	—	842	40	10	Schenectady, NY	Production
257	Eaton	E Mandell de Windt (61)	624	25	2	—	651	40	12	Grt Barrington, Mass	Operations
378	Jack Eckerd	Stewart Turley (47)	354	22	27	109	513	15	7	Mt Sterling, Ky	Administration
331	EG&G	Bernard J O'Keefe (62)	539	27	—	—	566	34	17	Providence, RI	Technical
203	El Paso	Travis H Petty (61)	565	33	—	155	753	36	3	Clarksville, Tex	Administration
742	El Paso Electric	Evern R Wall (49)	154	20	11	—	185	25	6	Borger, Tex	Technical
89	Electronic Data Systems	Morton H Meyerson (44)	374	—	730	1	1,105	16	3	Fort Worth, Tex	Administration
49	Emerson Electric	Charles F Knight (46)	910	31	454	—	1,395	9	8	Lake Forest, Ill	Administration
293	Emhart	T Mitchell Ford (61)	575	8	—	27	610	23	12	Albany, NY	Legal
664	Energy Reserves Gp	Richard W Volk (46)	215	8	24	—	247	9	9	Denver, Colo	Technical
109	Engelhard	Irving D Isko (54)	706*	1	294	—	1,001	25	1	New York, NY	Legal
163	ENSERCH	William C McCord (54)	542	23	62	222	850	33	11	San Antonio, Tex	Technical
642	Entex	Jackson C Hinds (60)	239	14	8	—	261	13	10	Brownsville, Tex	Legal
700	Equimark	William E Bierer (52)	209	8	—	3	220	13	3	Uniontown, Pa	Banking
782	Equitable Bancorp	H Grant Hathaway (54)	144	4	—	—	148	27	1	New York, NY	Banking

*Because of spinoff, salary and bonus annualized.

[1] For FORBES definitions and methodology see page 74.
[21] Succeeded by John P. Maloney, 1/1/82
[22] Succeeded by J. Joseph Casey, 1/1/82.
[23] Succeeded by William S. Lee, 4/30/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
779	**Equitable of Iowa**	**Kenneth R Austin** (62)	152	1	—	—	**153**	34	12	Keosauqua, Iowa	Administration
54	**Esmark**	**Donald P Kelly** (60)	820	138	384	—	**1,342**	28	4	Chicago, Ill	Finance
442	**Ethyl**	**Floyd D Gottwald Jr** (59)	429	17	—	—	**446**	39	12	Richmond, Va	Administration
309	**Evans Products**	**Monford A Orloff** (68)	593	—	—	—	**593**	24	19	Omaha, Neb	Legal
372	**Ex-Cell-O**	**E Paul Casey** (52)	385	112	19	—	**517**	4	1	Boston, Mass	Administration
46	Exxon	Clifton C Garvin Jr (60)	1,006	114	292	—	**1,411**	35	6	Portsmouth, Va	Technical
355	Fairchild Industries	Edward G Uhl (64)	483	51	—	—	**534**	21	21	Elizabeth, NJ	Administration
600	Farm House Foods	Richard Y Fisher (49)	256	9	34	—	**299**	13	13	Milwaukee, Wisc	Founder
377	Farmers Group	Richard G Lindsley (60)	465	—	—	50	**515**	31	3	Minneapolis, Minn	Insurance
781	Federal Co	R Lee Taylor II (41)	150**	—	—	—	**150**	16	1	Memphis, Tenn	Administration
471	**Federal Express**	**Frederick W Smith** (37)	390	17	2	—	**408**	11	11	Marks, Miss	Founder
630	**Fedl Natl Mortgage**	**David O Maxwell** (52)	225*	12	33	—	**270**	1	1	Philadelphia, Pa	Legal
222	**Federated Dept Stores**	**Howard Goldfeder** (56)	530	114	33	43	**719**	35	1	New York, NY	Retailing
294	**Fidelcor**	**Raymond J Dempsey** (47)	346	27	237	—	**610**	3	3	Yonkers, NY	Banking
676	**Fidelity Financial**	**Adolph C Meyer Jr** (57)	228	9	—	—	**237**	19	13	Oakland, Cal	Sales
671	Fidelity Union Bncp	Peter Cartmell (61)	241	1	—	—	**242**	36	2	Scotland	Banking
533	Fin Corp of America	Charles W Knapp (47)	329	21	—	—	**349**	9	7	Honolulu, Haw	Finance
745	Fin Cp Santa Barbara	David L Tilton (55)	181	3	—	—	**183**	30	16	Santa Barbara, Cal	Finance
656	Financial Federation	William J Popejoy (44)	250*	—	—	—	**250**	1	1	NA	Banking
797	Financial General	[24]B Francis Saul II (50)	7	—	—	—	**7**[25]	4	1	Washington, DC	Banking
120	**Firestone**	**John J Nevin** (55)	609	—	345	—	**954**	2	1	Jersey City, NJ	Marketing
544	**First Alabama Bshs**	**Frank A Plummer** (70)	311	30	—	—	**341**	17	11	Richland, NY	Banking
561	**First American**	**Kenneth L Roberts** (49)	270	3	53	2	**327**	6	5	Dungannon, Va	Banking
701	**First American Bank**	**James H Duncan** (57)	220	—	—	—	**220**	32	12	Madison, Wisc	Banking
645	**First & Merchants**	**C Coleman McGehee** (57)	244	15	—	—	**259**	33	8	Franklin, Va	Banking
343	First Atlanta	Thomas R Williams (53)	368	26	37	120	**550**	9	6	Atlanta, Ga	Banking
612	First Bank System	George H Dixon (61)	290	—	—	—	**290**	5	1	Rochester, NY	Finance
47	First Boston	George L Shinn (59)	950	24	436	—	**1,410**	7	7	Newark, Ohio	Investment
696	First Charter Finl	S Mark Taper (80)	225	—	—	—	**225**	27	27	Poland	Founder
233	First Chicago	Barry F Sullivan (51)	574	127	—	—	**700**	1	1	Bronx, NY	Banking
240	**First City Bancorp**	**James A Elkins Jr** (63)	446	17	147	76	**686**	40	19	Galveston, Tex	Banking
766	**First Empire State**	**Claude F Shuchter** (59)	166	—	—	—	**166**	23	5	Chicago, Ill	Banking
438	**First Executive**	**Fred Carr** (51)	443	5	—	—	**448**	7	7	Los Angeles, Cal	Financial
796	**First Florida Banks**	**Chester H Ferguson** (73)	8	—	—	—	**8**[26]	10	10	Americus, Ga	Legal
492	**First Hawaiian**	**John D Bellinger** (59)	256	20	108	—	**384**	40	12	Honolulu, Haw	Banking
188	First Interstate Bncp	Joseph J Pinola (57)	487	17	75	208	**787**	6	4	Pittston, Pa	Banking
622	First Kentucky Natl	A Stevens Miles (52)	266	10	—	—	**276**	28	7	Louisville, Ky	Banking
624	First Maryland Bncp	J Owen Cole (53)	261	7	—	7	**275**	25	8	Rutherfordton, NC	Administration
511	First Natl Bancorp	Theodore D Brown (60)	333	18	14	—	**365**	12	5	Denver, Colo	Banking
386	First Natl Boston	Richard D Hill (62)	378	39	82	—	**499**	36	10	Salem, Mass	Banking
681	**First Natl Charter**	**Gordon E Wells** (54)	230	5	—	—	**235**	30	5	Hamburg, Iowa	Banking
687	**First Natl Cinc**	**William N Liggett** (65)	230	—	—	—	**230**	34	11	Ripley, Ohio	Banking
651	**First Natl State Bncp**	**Robert R Ferguson Jr** (58)	255	—	—	—	**255**	32	9	Savannah, Ga	Banking
632	**First Natl Supermkts**	**Richard J Bogomolny** (47)	263	4	—	—	**268**	9	7	Cleveland, Ohio	Administration
697	**First Oklahoma Bncp**	**Charles A Vose Jr** (38)	176	—	9	39	**225**	17	1	Clinton, Iowa	Banking
712	First Pennsylvania	George A Butler (54)	200	9	—	—	**209**	32	2	Westmont, NJ	Banking
629	First Security	[27]George S Eccles (82)	270	—	—	—	**270**	60	36	Baker, Ore	Founder
596	First Tennessee Natl	Ronald A Terry (51)	284	17	—	—	**301**	25	8	Memphis, Tenn	Banking
440	First Union	C Clifford Cameron (62)	288	46	90	23	**447**	18	15	Meridian, Miss	Banking
602	First United Bancorp	Paul W Mason (61)	285	—	12	—	**297**	20	12	Wichita, Kan	Banking

*CEO joined company in 1981, salary annualized.
**Salary annualized.
NA: Not available.

[1] For FORBES definitions and methodology see page 74.

[24] Succeeded by Robert G. Stevens, 4/14/82.

[25] Director's fees only.

[26] Director's fees only; excludes fees paid to law firm of which Mr. Ferguson is a partner.

[27] Deceased. Succeeded by Spencer F. Eccles, 1/25/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
686	First Virginia Banks	Thomas K Malone Jr (62)	229	1	—	—	230	31	3	Burlington, Vt	Banking
631	First Wisconsin	Hal C Kuehl (59)	243	17	—	9	269	34	4	Davenport, Iowa	Banking
480	Fischbach	Alfred R Manville (65)	369	—	—	25	394	10	2	Carbondale, Pa	Technical
509	Fisher Foods	Carl Fazio (65)	360	6	—	—	366	17	1	Italy	Retailing
688	Flagship Banks	Philip F Searle (57)	201	—	28	—	229	7	7	Kansas City, Mo	Banking
503	[28]Fleet Financial	[29]John J Cummings Jr (59)	328	6	39	—	373	35	11	Providence, RI	Finance
515	Fleming Cos	Richard D Harrison (59)	339	9	14	—	362	28	16	Salt Lake City, Utah	Legal
597	Flickinger	Jerry D Metcalf (44)	285	—	15	—	300	5	1	Hutchinson, Kan	Operations
756	Flightsafety Intl	Albert L Ueltschi (65)	175	—	—	—	175	31	31	Frankfort, Ky	Founder
789	Florida Natl Banks	George C Whitner Jr (59)	121	2	—	—	123	24	1	Jacksonville, Fla	Banking
300	Florida Power & Lt	Marshall McDonald (64)	296	14	292	—	603	10	10	Memphis, Tenn	Finance
720	[30]Florida Progress	Andrew H Hines Jr (59)	192	—	12	—	203	30	9	Lake City, Fla	Technical
65	Fluor	J Robert Fluor (60)	984	21	278	—	1,283	36	14	Santa Ana, Cal	Finance
69	FMC	Robert H Malott (55)	637	—	12	608	1,257	29	10	Boston, Mass	Operations
434	Ford Motor	Philip Caldwell (62)	440	10	—	—	450	29	2	Bourneville, Ohio	Administration
367	Foremost-McKesson	Thomas E Drohan (54)	487	13	23	—	523	20	4	Newton, Mass	Operations
375	Fort Howard Paper	Paul J Schierl (47)	310	82	21	103	516	18	7	Neenah, Wisc	Legal
608	Foster Wheeler	Louis E Azzato (51)	202	4	87	—	293	30	1	New York, NY	Technical
110	Freeport-McMoran	Paul W Douglas (55)	631	362	—	—	993	29	6	Springfield, Mass	Marketing
482	Fruehauf	Robert D Rowan (60)	360	21	—	8	390	26	8	Holland, Mich	Finance
210	Gannett	Allen H Neuharth (58)	617	42	83	—	742	19	9	Eureka, SD	Journalism
411	GATX	James J Glasser (48)	436	1	39	—	476	20	3	Chicago, Ill	Legal
66	GEICO	John J Byrne (49)	826	136	310	—	1,272	6	6	Paterson, NJ	Insurance
316	Gelco	N Bud Grossman (61)	451	25	—	110	586	25	25	Minneapolis, Minn	Founder
633	General American Oil	William P Barnes (62)	237	29	—	—	266	29	4	Marlin, Tex	Legal
19	General Dynamics	David S Lewis (64)	420	75	—	1,699	2,194	11	11	N Augusta, SC	Administration
153	General Electric	John F Welch Jr (46)	825	29	—	5	859	21	1	Peabody, Mass	Technical
360	General Foods	James L Ferguson (56)	499	33	—	—	532	19	8	Evanston, Ill	Marketing
4	General Instrument	Frank G Hickey (54)	624	8	—	4,637	5,269	17	7	Stevens Pt, Wisc	Marketing
253	General Mills	H Brewster Atwater Jr (51)	572	21	67	—	659	24	1	Minneapolis, Minn	Marketing
392	General Motors	Roger B Smith (56)	475	—	14	—	489	32	1	Columbus, Ohio	Finance
658	General Public Utils	William G Kuhns (60)	248	2	—	—	250	26	15	Milwaukee, Wisc	Finance
202	General Re	Harold J Hudson Jr (58)	480	6	269	—	755	26	11	Kansas City, Mo	Legal
186	General Signal	Nathan R Owen (63)	621	17	—	154	793	21	20	Burnt Hills, NY	Technical
178	General Tel & Elec	Theodore F Brophy (59)	787	17	—	—	804	24	6	New York, NY	Legal
465	Genl Tire & Rubber	Michael G O'Neil (60)	401	8	6	—	415	36	22	Akron, Ohio	Administration
588	Genuine Parts	Wilton Looney (63)	301	12	—	—	313	43	20	Vanna, Ga	Operations
418	Georgia-Pacific	Robert E Flowerree (61)	373	14	80	—	466	30	5	New Orleans, La	Operations
87	Geosource	John D Platt (51)	500	31	90	519	1,139	3	3	Kingston, Pa	Technical
276	Getty Oil	Sidney R Petersen (51)	575	51	—	—	627	27	2	Oakland, Cal	Finance
302	Giant Food	Israel Cohen (69)	449	6	11	136	601	46	4	Israel	Founder
725	Gibraltar Financial	Herbert J Young (50)	201	—	—	—	201	29	13	Los Angeles, Cal	Administration
530	Gibraltar Savings	E Michael Lallinger (66)	351	—	—	—	351[31]	26	18	St Louis, Mo	Finance
381	Gillette	Colman M Mockler Jr (52)	457	3	48	—	507	24	7	St Louis, Mo	Finance
618	Girard	William B Eagleson Jr (56)	257	—	26	—	283	30	7	Philadelphia, Pa	Finance
408	Global Marine	C Russell Luigs (49)	450	28	—	—	478	5	5	Evansville, Ind	Administration
699	Golden West Finl	[32]Herbert M Sandler (50)	221	—	—	—	221	18	18	New York, NY	Founder
428	B F Goodrich	John D Ong (48)	438	4	13	—	455	21	2	Ulrichsville, Ohio	Legal
130	Goodyear	Charles J Pilliod Jr (63)	836	—	83	—	919	41	8	Cuyahoga Falls, Ohio	Sales
159	Gould	William T Ylvisaker (58)	721	43	90	—	854	14	14	St Paul, Minn	Administration

[1] For FORBES definitions and methodology see page 74.
[28] Formerly Industrial National.
[29] Succeeded by J. Terrence Murray, 5/1/82.
[30] Formerly Florida Power.
[31] Compensation by Imperial Corp of America prior to spinoff.
[32] Office jointly held with Marion O. Sandler.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
17	W R Grace	J Peter Grace (69)	1,486	63	261	523	2,333	45	36	Manhasset, NY	Finance
499	W W Grainger	David W Grainger (54)	333	43	—	—	376	32	8	Chicago, Ill	Administration
150	Great Atl & Pac Tea	James Wood (52)	700*	177	—	—	877	2	2	England	Retailing
484	Gt Northern Nekoosa	Robert Hellendale (64)	370	—	8	10	388	28	3	New York, NY	Legal
437	Gt Western Financial	James F Montgomery (47)	325	6	10	108	449	6	3	Topeka, Kan	Finance
466	Greyhound	John W Teets (48)	359	7	42	7	414	18	1	Elgin, Ill	Administration
517	Grumman	John C Bierwirth (58)	318	10	21	12	361	9	7	Lawrence, NY	Finance
45	Gulf & Western Inds	Charles G Bluhdorn (55)	1,424	9	—	—	1,433	26	24	Austria	Founder
198	Gulf Oil	James E Lee (60)	664	13	—	87	763	40	1	Kiln, Miss	Operations
575	Gulf States Utils	[33]W Donham Crawford (59)	286	11	23	—	319	4	4	Little Rock, Ark	Administration
76	Gulf United	E Grant Fitts (66)	900	53	266	—	1,219	14	14	Montevallo, Ala	Legal
102	Halliburton	John P Harbin (64)	666	145	215	—	1,025	33	10	Waxahachie, Tex	Finance
330	Hammermill Paper	Albert F Duval (61)	314	7	12	235	568	22	11	Holyoke, Mass	Marketing
546	Harris Bankcorp	Charles M Bliss (60)	310	29	—	—	339	38	4	Evanston, Ill	Banking
33	Harris Corp	Joseph A Boyd (61)	601	—	216	725	1,542	20	4	Oscar, Ky	Technical
399	Harsco	Jeffrey J Burdge (60)	336	12	135	—	483	28	5	England	Finance
573	Hartford National	Robert L Newell (59)	264	6	36	16	322	36	6	Hartford, Conn	Banking
131	H J Heinz	Anthony J F O'Reilly (46)	674	10	232	—	916	13	2	Ireland	Legal
586	Walter E Heller Intl	Franklin A Cole (56)	290	25	—	—	315	19	11	Park Falls, Wisc	Legal
684	Helmerich & Payne	Walter H Helmerich III (59)	218	6	9	—	233	33	21	Tulsa, Okla	Administration
184	Hercules	Alexander F Giacco (62)	609	41	128	19	796	40	4	Italy	Technical
268	Hershey Foods	William E C Dearden (59)	410	87	140	—	636	24	6	Philadelphia, Pa	Sales
56	Heublein	Hicks B Waldron (58)	587	591	129	—	1,307	8	1	Amsterdam, NY	Operations
359	Hewlett-Packard	John A Young (50)	493	1	38	—	532	23	4	Nampa, Ida	Technical
441	Hilton Hotels	Barron Hilton (54)	436	11	—	—	446	27	16	Dallas, Tex	Administration
117	Holiday Inns	Michael D Rose (40)	356	443	109	55	962	8	1	Akron, Ohio	Operations
730	Homestake Mining	Harry M Conger (51)	185	13	—	—	197	6	3	Seattle, Wash	Technical
350	Honeywell	Edson W Spencer (56)	483	—	57	—	541	27	7	Chicago, Ill	Sales
553	George A Hormel	Richard L Knowlton (50)	327*	5	—	—	332	33	1	Austin, Minn	Marketing
472	Hospital Corp of Am	Donald S MacNaughton (64)	400	3	—	—	403	3	3	Schenectady, NY	Insurance
729	Hospital Trust	Henry S Woodbridge Jr (53)	196	1	—	—	197	27	7	Boston, Mass	Finance
125	Household Intl	Gilbert R Ellis (66)	912	30	—	—	942	47	9	Powersville, Mo	Operations
591	Houston Industries	Don D Jordan (50)	286	24	1	—	311	25	5	Corpus Christi, Tex	Legal
634	Houston Natural Gas	M D Matthews (58)	257	—	7	—	265	18	1	Mt Vernon, Ark	Finance
21	Hughes Tool	James R Lesch (60)	501	115	101	1,334	2,052	35	2	Apache, Okla	Administration
31	Humana	David A Jones (50)	587	46	14	919	1,566	20	20	Louisville, Ky	Founder
556	Huntington Bancshs	Frank Wobst (48)	321	2	6	—	329	7	1	Germany	Banking
215	E F Hutton Group	Robert Fomon (57)	700	4	29	—	733	31	11	Chicago, Ill	Investment
71	IC Industries	William B Johnson (63)	727	66	459	—	1,251	16	16	Salisbury, Md	Legal
714	Illinois Power	Wendell J Kelley (56)	197	5	5	—	207	32	15	Champaign, Ill	Technical
792	Imperial Corp of Am	[34]G Kenneth Handley (76)	90	19	—	—	109	2	2	Salt Lake City, Utah	Investment
680	Indiana National	Thomas M Miller (52)	230	6	—	—	236	27	1	Corydon, Ind	Banking
683	Indust Valley Bank	Joseph A Gallagher (54)	227	3	3	—	233	23	2	Philadelphia, Pa	Banking
723	Inexco Oil	Erving Wolf (56)	177	25	—	—	202	14	14	Kimball, Neb	Founder
165	Ingersoll-Rand	Thomas A Holmes (58)	654	37	15	137	844	32	1	Wilmington, Mass	Operations
368	Inland Steel	Frederick G Jaicks (63)	505	—	15	—	520	41	10	Chicago, Ill	Production
665	Intel	Gordon E Moore (53)	246	—	—	—	246	13	7	San Francisco, Cal	Founder
560	Interco	John K Riedy (66)	317	11	—	—	327	48	1	Chicago, Ill	Operations
158	InterFirst	Elvis L Mason (48)	567	36	154	97	854	8	1	Vivian, La	Banking
111	IBM	John R Opel (57)	692	301	—	—	993	32	1	Kansas City, Mo	Sales

*Salary portion annualized.

[1] For FORBES definitions and methodology see page 74.
[33] Succeeded by Paul W. Murrill, 3/1/82.
[34] Succeeded by Matthew J. Shevlin Jr., 5/4/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
439	Intl Flavors & Frag	Henry G Walter Jr (71)	438	9	—	—	447	19	19	New York, NY	Legal
44	Intl Harvester	[35]Archie R McCardell (55)	500	64	881	—	1,444	4	4	Hazel Park, Mich	Finance
50	Intl Minerals & Chem	Richard A Lenon (61)	716	40	353	279	1,388	14	11	Lansing, Mich	Finance
201	International Paper	Edwin A Gee (62)	610	84	63	—	757	4	2	Washington, DC	Technical
59	Intl Tel & Tel	Rand V Araskog (50)	963	186	77	70	1,296	15	2	Fergus Falls, Minn	Administration
170	InterNorth	Sam F Segnar (54)	656	23	—	144	823	21	2	Hope, Ark	Technical
325	Irving Bank	Gordon T Wallis (62)	572	—	—	—	572	41	11	Salt Lake City, Utah	Finance
213	IU International	John Gilray Christy (49)	583	49	—	107	740	10	1	Silver Creek, NY	Operations
483	Jefferson-Pilot	W Roger Soles (61)	385	4	—	—	389	35	14	Whiteville, NC	Investment
280	Jewel Cos	Weston R Christopherson (57)	406	196	22	—	624	31	2	Walum, ND	Retailing
616	Jim Walter	James W Walter (59)	286	—	—	—	286	36	36	Lewes, Del	Founder
115	Johnson & Johnson	James E Burke (57)	655	147	167	—	969	29	5	Rutland, Vt	Marketing
318	Johnson Controls	Fred L Brengel (59)	481	69	26	8	584	34	15	Hicksville, NY	Sales
98	Joy Manufacturing	James W Wilcock (64)	508	130	102	309	1,048	16	14	Dayton, Ohio	Marketing
382	K mart	Bernard M Fauber (59)	500	6	—	—	506	40	2	Botetourt Cnty, Va	Retailing
335	Kaiser Alum & Chem	Cornell C Maier (57)	545	16	—	—	561	32	9	Herreid, SD	Operations
97	Kaneb Services	[36]James R Whatley (56)	432	122	498	—	1,052	27	15	Pittsburg, Tex	Administration
774	Kansas City Pwr & Lt	Arthur J Doyle (59)	153	4	—	—	157	9	2	Boston, Mass	Legal
794	Kansas Gas & Elec	Wilson K Cadman (55)	94	6	—	—	101	31	1	Wichita, Kan	Administration
277	Kellogg	William E Lamothe (55)	600	8	18	—	627	31	3	Brooklyn, NY	Marketing
757	Kemper	Joseph E Luecke (55)	172	3	—	—	174	30	3	Philadelphia, Pa	Insurance
396	Kerr-McGee	Dean A McGee (78)	475	8	—	—	483	45	28	Humboldt, Kan	Production
545	Key Banks	Victor J Riley Jr (50)	323	—	18	—	341	18	8	Buffalo, NY	Finance
51	Kidde	Fred R Sullivan (67)	929	103	—	350	1,382	18	18	Fort Wayne, Ind	Finance
189	Kimberly-Clark	Darwin E Smith (56)	649	—	136	—	785	24	10	Garrett, Ind	Legal
338	Knight-Ridder News	Alvah H Chapman Jr (61)	428	4	—	123	555	21	6	Columbus, Ga	Administration
580	Koppers	[37]Fletcher L Byrom (63)	300	12	6	—	318	34	14	Cleveland, Ohio	Production
237	Kroger	Lyle Everingham (56)	646	7	—	41	694	35	4	Flint, Mich	Retailing
94	Lear Siegler	Robert T Campion (61)	550	15	—	492	1,056	24	11	Minneapolis, Minn	Finance
11	Levi Strauss	Robert T Grohman (57)	401	173	654	1,256	2,484	8	1	Hazelton, Pa	Administration
623	Libbey-Owens-Ford	Don T McKone (60)	275	—	—	—	275	33	3	Jackson, Mich	Administration
609	Liberty National	John W McLean (60)	189	20	84	—	292	14	14	Okmulgee, Okla	Banking
577	Liberty Natl Ins Hld	Frank P Samford Jr (61)	265	54	—	—	319	34	15	Montgomery, Ala	Legal
238	Eli Lilly	Richard D Wood (55)	646	18	—	28	692	32	9	Brazil, Ind	Marketing
522	Lincoln First Banks	Alexander D Hargrave (62)	319	—	38	—	357	19	8	Canandaigua, NY	Legal
478	Lincoln National	Ian M Rolland (49)	358	5	32	—	395	26	5	Ft Wayne, Ind	Insurance
119	Litton Industries	Fred W O'Green (61)	621	40	—	294	954	19	1	Mason City, Iowa	Technical
456	Lockheed	Roy A Anderson (61)	402	12	17	—	432	25	4	Ripon, Cal	Finance
369	Loews	Laurence A Tisch (59)	488	30	—	—	518	22	21	Brooklyn, NY	Finance
451	Lone Star Industries	James E Stewart (60)	416	19	—	—	435	29	4	Minneapolis, Minn	Administration
717	Long Island Lighting	Charles R Pierce (60)	200	5	—	—	205	32	4	Bar Harbor, Me	Legal
311	Louisiana Land	John G Phillips (59)	443	81	66	—	589	30	10	Camden, Ark	Finance
423	Louisiana-Pacific	Harry A Merlo (57)	353	68	37	—	458	32	8	Stirling City, Cal	Marketing
38	LTV	W Paul Thayer (62)	1,164	84	116	144	1,507	33	11	Henryetta, Okla	Sales
314	Lubrizol	Lester E Coleman (51)	379	—	97	110	587	27	4	Akron, Ohio	Technical
385	Lucky Stores	S Donley Ritchey (48)	498	—	—	2	501	30	2	Derry Township, Pa	Operations
143	M/A-Com	Dr Lawrence Gould (51)	324	197	372	—	893	28	7	Boston, Mass	Technical
140	R H Macy	Edward S Finkelstein (57)	434	12	107	343	896	33	1	New Rochelle, NY	Retailing
738	Malone & Hyde	Joseph R Hyde III (39)	189	—	—	—	189	17	13	Memphis, Tenn	Administration
200	Mfrs Hanover	John F McGillicuddy (51)	653	15	91	—	759	23	3	Harrison, NY	Legal

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[1] For FORBES definitions and methodology see page 74.
[35] Succeeded by Louis W. Menk, 5/3/82.
[36] Succeeded by Michael G. Shoup, 4/30/82.
[37] Succeeded by Charles R. Pullin, 6/1/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
641	Manufacturers Natl	Dean E Richardson (54)	261	—	—	—	261	28	9	West Branch, Mich	Banking
457	Manville	John A McKinney (58)	409	12	11	—	432	30	5	Huntsville, Tex	Legal
308	MAPCO	Willis H Thompson Jr (48)	569	8	17	—	594	5	2	Minneapolis, Minn	Operations
773	Marine	George R Slater (58)	156	4	—	—	160	6	4	Indianapolis, Ind	Banking
326	Marine Midland Bks	Edward W Duffy (56)	517	55	—	—	572	29	8	Utica, NY	Banking
323	Marriott	J Willard Marriott Jr (50)	494	14	66	—	573	26	9	Washington, DC	Administration
161	Marsh & McLennan	John M Regan Jr (61)	608	38	206	—	852	36	9	Minneapolis, Minn	Insurance
507	Marshall & Ilsley	John A Puelicher (61)	193	5	171	—	369	36	24	Milwaukee, Wisc	Banking
403	Marshall Field	Angelo R Arena (54)	472	10	—	—	482[38]	4	4	Lynn, Mass	Retailing
28	Martin Marietta	[39]J Donald Rauth (64)	698	178	177	585	1,638	41	9	Pitman, NJ	Technical
613	Maryland National	Robert D H Harvey (61)	267	—	1	21	290	35	16	Baltimore, Md	Finance
282	Masco	Richard A Manoogian (45)	601	19	—	—	620	24	14	Long Branch, NJ	Administration
305	Mattel	Arthur S Spear (61)	575	23	—	—	598	17	7	Providence, RI	Operations
243	May Dept Stores	David C Farrell (49)	488	104	86	—	678	26	3	Chicago, Ill	Retailing
554	MCA	Lew R Wasserman (69)	330*	—	—	—	330	45	35	Cleveland, Ohio	Sales
183	McDermott	James E Cunningham (59)	633	154	14	—	801	24	3	Cresco, Iowa	Technical
348	McDonald's	Fred L Turner (49)	500	2	42	—	544	26	8	Des Moines, Iowa	Retailing
345	McDonnell Douglas	Sanford N McDonnell (59)	482	48	19	—	548	33	10	Little Rock, Ark	Technical
137	McGraw-Edison	Edward J Williams (59)	592	127	182	—	901	10	9	St Louis, Mo	Finance
275	McGraw-Hill	Harold W McGraw Jr (64)	439	39	151	—	629	35	7	New York, NY	Operations
702	MCI Communications	William G McGowan (54)	208	8	3	—	219	13	13	Ashley, Pa	Marketing
550	Mead	[40]C Greene Garner (62)	296	7	—	31	334	33	1	Sparta, Ga	Finance
229	Medtronic	Dale R Olseth (51)	265	23	64	357	710	6	6	St James, Minn	Administration
470	Mellon National	J David Barnes (53)	253	47	107	3	410	26	1	Oil City, Pa	Banking
252	Melville	Francis C Rooney Jr (60)	516	9	138	—	663	29	18	N Brookfield, Mass	Retailing
518	Mercantile Bancorp	Donald E Lasater (56)	335	8	17	—	360	23	11	St Louis, Mo	Legal
383	Mercantile Stores	Leon F Winbigler (56)	479	25	—	—	504	33	7	Brookfield, Mo	Retailing
394	Mercantile Texas	Gene H Bishop (52)	458	—	29	—	487	7	7	Forest, Miss	Banking
775	Merchants National	Otto N Frenzel III (51)	155	1	—	—	156	27	9	Indianapolis, Ind	Banking
151	Merck	John J Horan (61)	456	1	114	304	875	30	6	New York, NY	Legal
207	Merrill Lynch	Roger E Birk (51)	630	12	105	—	747	27	1	St Cloud, Minn	Finance
144	Mesa Petroleum	T Boone Pickens Jr (54)	575	317	—	—	892	25	25	Holdenville, Okla	Founder
152	Metromedia	John W Kluge (67)	860	12	—	—	871	23	23	Germany	Marketing
579	Michigan National	Stanford C Stoddard (51)	273	35	10	—	318	27	10	Salt Lake City, Utah	Banking
30	Midcon	Orval C Davis (62)	336	—	33	1,211	1,579[41]	35	4	Roseclare, Ill	Technical
555	Middle South Utils	Floyd W Lewis (56)	312	18	—	—	330	32	10	Lincoln County, Miss	Legal
402	Midlantic Banks	Robert Van Buren (57)	362	32	88	—	482	11	5	Plainfield, NJ	Banking
258	Minn Mining & Mfg	Lewis W Lehr (61)	551	—	100	—	651	35	3	Elgin, Neb	Technical
146	Missouri Pacific	Downing B Jenks (66)	691	6	192	—	888	21	10	Portland, Ore	Operations
334	Mitchell Enrgy & Dev	George P Mitchell (63)	493	29	41	—	562	36	23	Galveston, Tex	Founder
39	Mobil	Rawleigh Warner Jr (61)	1,449	29	—	—	1,478	28	12	Chicago, Ill	Finance
112	Monsanto	John W Hanley (60)	748	15	81	145	989	9	9	Parkersburg, W Va	Marketing
747	Montana Power	Joseph A McElwain (62)	140	5	—	37	182	28	7	Deer Lodge, Mont	Legal
711	Moore Financial	Thomas C Frye (63)	210	—	—	—	210	44	12	Ontario, Ore	Banking
209	J P Morgan	Lewis T Preston (55)	746	—	—	—	746	30	2	New York, NY	Banking
292	Morrison-Knudsen	William H McMurren (54)	403	—	81	127	611	27	10	Ontario, Ore	Operations
414	Morton-Norwich	Charles S Locke (53)	471	1	—	—	472	6	2	Laurel, Miss	Finance
571	Motorola	Robert W Galvin (59)	313	11	—	—	323	38	22	Marshfield, Wisc	Operations
486	Murphy Oil	Charles H Murphy Jr (62)	292	—	96	—	388	32	32	El Dorado, Ark	Founder
123	Nabisco Brands	Robert M Schaeberle (59)	926	1	—	21	949	35	8	Newark, NJ	Finance

*Not one of the five most highly paid officers, annual salary as provided for in employment contract.

[1] For Forbes definitions and methodology see page 74.
[38] Figures are for year ended 1/31/81.
[39] Succeeded by Thomas G. Pownall, 4/22/82.
[40] Succeeded by Burnell R. Roberts, 4/22/82.
[41] Compensation by Peoples Energy prior to spinoff.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000)					Years served		Place of birth	Business background
			salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO		
320	Nalco Chemical	Orell T Collins (59)	447	33	101	—	581	26	3	Letcher County, Ky	Sales
344	National Can	Frank W Considine (60)	525	24	1	—	550	20	9	Chicago, Ill	Sales
649	Natl Central Financl	Wilson D McElhinny (52)	248	—	9	—	256	18	7	Detroit, Mich	Banking
485	National City	Julien L McCall (61)	310	77	—	—	388	10	1	Florence, SC	Banking
236	National Distillers	Drummond C Bell (66)	552	—	143	—	695	25	11	Baltimore, Md	Finance
295	Natl Medical Entrprs	Richard K Eamer (54)	536	72	—	—	608	13	13	Long Beach, Cal	Founder
670	Natl Semiconductor	Charles E Sporck (54)	216	9	17	—	243	15	15	Saranac Lake, NY	Production
264	National Steel	Howard M Love (52)	601	11	29	—	641	26	2	Pittsburgh, Pa	Operations
790	Nationwide	John E Fisher (52)	117*	—	—	—	117	10	1	Portsmouth, Ohio	Insurance
224	Natomas	Dorman L Commons (64)	559	29	—	128	716	9	8	Denair, Cal	Finance
506	NBD Bancorp	Robert M Surdam (64)	363	5	—	—	369	35	14	Albany, NY	Finance
420	NCNB	Thomas I Storrs (63)	434	17	—	14	465	21	8	Nashville, Tenn	Banking
194	NCR	William S Anderson (63)	535	9	168	58	769	36	8	China	Marketing
706	New England Electric	Guy W Nichols (56)	205	9	1	—	215	34	10	Colchester, Vt	Administration
777	N Y State Elec & Gas	Charles F Kennedy (67)	155	—	—	—	155	8	5	Elmira, NY	Technical
155	New York Times	Arthur O Sulzberger (56)	473	—	383	—	856	28	19	New York, NY	Journalism
370	Newmont Mining	Plato Malozemoff (72)	516	2	—	—	517	36	28	Russia	Administration
715	Niagara Mohawk Pwr	John G Haehl Jr (59)	201	—	6	—	207	20	9	Brooklyn, NY	Finance
322	NICOR	Clarence J Gauthier (60)	396	93	87	—	576	36	11	Houghton, Mich	Technical
232	A C Nielsen	Arthur C Nielsen Jr (63)	662	40	—	—	702	36	6	Chicago, Ill	Marketing
564	NIKE	Philip H Knight (44)	300	26	—	—	326	18	18	Portland, Ore	Founder
113	NL Industries	[42]Ray C Adam (62)	821	44	121	—	986	10	7	Aquilla, Tex	Administration
672	NLT	Walter M Robinson Jr (59)	232	10	—	—	242	32	1	Louisville, Ky	Legal
195	Noble Affiliates	Roy Butler (56)	302	17	—	449	768	26	2	Rising Star, Tex	Operations
521	Norfolk & Western Ry	Robert B Claytor (60)	337	12	8	—	357	30	1	Roanoke, Va	Legal
527	Norstar Bancorp	Peter D Kiernan (58)	314	7	32	—	353	8	8	Albany, NY	Insurance
217	North Amer Philips	[43]Pieter C Vink (62)	560	31	—	134	726	17	13	The Netherlands	Marketing
660	Northeast Utilities	Lelan F Sillin Jr (64)	248	—	—	—	248	14	12	Tampa, Fla	Legal
693	No Calif Savings	Firmin A Gryp (54)	227	—	—	—	227	30	12	Monterey, Cal	Administration
755	No Indiana Pub Svc	Edmund A Schroer (54)	175	—	—	—	175	5	5	Hammond, Ind	Legal
685	No States Power	Donald W McCarthy (60)	230	2	—	—	232	34	5	Minneapolis, Minn	Operations
444	Northern Trust	Philip W K Sweet Jr (54)	384	46	10	—	440	28	1	Mount Vernon, NY	Banking
58	Northrop	Thomas V Jones (61)	1,009	107	182	—	1,298	28	22	Pomona, Cal	Administration
569	Northwest Airlines	M Joseph Lapensky (63)	325	—	—	—	325	37	3	Minneapolis, Minn	Finance
535	Northwest Bancorp	John W Morrison (60)	329	—	16	—	345	5	1	Minneapolis, Minn	Administration
260	Northwest Energy	John G McMillian (55)	577	70	2	—	649	9	8	Orange City, Tex	Administration
147	Northwest Industries	Ben W Heineman (68)	854	33	—	—	888	26	26	Wausau, Wisc	Legal
643	Northwestern Finl	Ben T Craig (49)	255	5	—	—	260	4	4	Gastonia, NC	Banking
415	Norton	Donald R Melville (55)	443	14	—	14	471	15	2	England	Marketing
35	Norton Simon	David J Mahoney (59)	858	241	437	—	1,537	15	12	New York, NY	Marketing
265	Oak Industries	Everitt A Carter (63)	430	169	41	—	640	23	23	Philadelphia, Pa	Technical
122	Occidental Petroleum	Armand Hammer (84)	742	83	124	—	949	24	24	New York, NY	Finance
85	Ogden	Ralph E Ablon (66)	1,010	17	129	—	1,155	27	20	Tupelo, Miss	Administration
636	Ohio Casualty	John G Sloneker (60)	227	13	23	—	264	34	3	Hamilton, Ohio	Insurance
753	Ohio Edison	Justin T Rogers Jr (52)	177	—	—	—	177	23	2	Sandusky, Ohio	Legal
764	Oklahoma Gas & Elec	James G Harlow Jr (48)	166	3	—	—	169	21	6	Oklahoma City, Okla	Finance
620	Old Kent Financial	[44]Richard M Gillett (58)	210	33	37	—	280	24	18	Grand Rapids, Mich	Administration
647	Old Stone	Theodore W Barnes (51)	186	35	37	—	258	34	6	Providence, RI	Banking
187	Olin	John M Henske (59)	605	50	134	—	788	12	4	Omaha, Neb	Operations
519	Overseas Shipholding	Morton P Hyman (46)	360	—	—	—	360	12	10	New York, NY	Legal

*Salary annualized.

[1] For FORBES definitions and methodology see page 74.
[42] Succeeded by Theodore C. Rogers, 5/1/82.
[43] Succeeded by Cees Bruynes, 1/1/82.
[44] Succeeded by John C. Canepa, 1/1/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
445	Owens-Corning Fbrgls	William W Boeschenstein (56)	340	1	14	85	**440**	31	9	Chicago, Ill	Marketing
60	Owens-Illinois	Edwin D Dodd (63)	657	47	457	133	**1,293**	35	9	Point Pleasant, W Va	Production
479	PACCAR	Charles M Pigott (53)	381	—	13	—	**394**	26	14	Seattle, Wash	Administration
595	Pacific Gas & Elec	Frederick W Mielke Jr (61)	293	11	—	—	**303**	31	3	New York, NY	Legal
541	Pacific Lighting	Paul A Miller (57)	330	12	—	—	**342**	33	13	San Francisco, Cal	Finance
523	Pacific Lumber	[45]Robert B Hoover (66)	191	—	165	—	**356**	42	6	Fresno, Cal	Sales
626	Pacific Pwr & Lt	Don C Frisbee (58)	265	9	—	—	**274**	28	16	San Francisco, Cal	Finance
299	Paine Webber	Donald B Marron (47)	551	45	7	—	**603**	23	2	Goshen, NY	Investment
250	Pan Am World Airways	C Edward Acker (53)	650*	14	—	—	**664**	1	1	Dallas, Tex	Administration
448	Panhandle Eastern	Richard L O'Shields (55)	414	3	19	—	**436**	22	12	Ozark, Ark	Production
576	Pantry Pride	Grant C Gentry (58)	319	—	—	—	**319**	3	3	Chicago, Ill	Legal
36	Paradyne	Robert S Wiggins (51)	251	—	1	1,276	**1,528**	8	8	Jacksonville, Fla	Marketing
	Parker Drilling	Robert L Parker (58)	NA	—	—	—	**NA[46]**	35	28	Tulsa, Okla	Technical
454	Parker-Hannifin	Patrick S Parker (52)	406	26	—	—	**433**	29	10	Cleveland, Ohio	Administration
34	Parsons	William E Leonhard (67)	550	252	739	—	**1,541**	15	6	Middletown, Pa	Technical
149	Penn Central	[47]Richard Dicker (68)	722	—	163	—	**885**	3	3	New York, NY	Investment
182	J C Penney	Donald V Seibert (58)	779	—	23	—	**802**	34	7	Hamilton, Ohio	Retailing
761	Penn Power & Light	Robert K Campbell (52)	170	1	—	—	**171**	5	3	Chicago, Ill	Technical
18	Pennzoil	J Hugh Liedtke (60)	562	114	335	1,218	**2,229**	26	19	Tulsa, Okla	Legal
786	Peoples Bancorp	Joshua Green III (46)	139	—	—	—	**139**	21	5	Seattle, Wash	Banking
740	Peoples Energy	Eugene A Tracy (54)	180	—	6	—	**186**	30	1	Oak Park, Ill	Finance
80	PepsiCo	Donald M Kendall (61)	758	7	334	110	**1,209**	35	19	Sequim, Wash	Marketing
393	Perkin-Elmer	Robert H Sorensen (61)	415	—	16	58	**489**	22	4	Racine, Wisc	Technical
397	Petrolane	Rudolph J Munzer (64)	460	23	—	—	**483**	35	25	Minneapolis, Minn	Sales
247	Pfizer	Edmund T Pratt Jr (55)	655	18	—	—	**673**	17	9	Savannah, Ga	Finance
412	Phelps Dodge	George B Munroe (60)	399	14	62	—	**476**	24	12	Joliet, Ill	Legal
5	Phibro	David Tendler (44)	2,125	544	1,162	—	**3,830**	22	1	New York, NY	Administration
690	Phila Electric	James L Everett (55)	228	—	—	—	**228**	32	4	Charlotte, NC	Technical
653	Philadelphia Natl	G Morris Dorrance Jr (59)	253	—	—	—	**253**	30	13	Philadelphia, Pa	Finance
132	Philip Morris	George Weissman (62)	878	36	—	—	**914**	30	3	New York, NY	Marketing
193	Phillips Petroleum	William C Douce (62)	424	16	332	—	**772**	40	2	Kingman, Kan	Operations
376	Pillsbury	William H Spoor (59)	499	16	—	—	**515**	32	9	Pueblo, Colo	Operations
539	Pioneer	K Bert Watson (57)	266	5	72	—	**343**	29	9	Ranger, Tex	Legal
778	Pioneer Hi-Bred Intl	Thomas N Urban (48)	154	—	—	—	**154**	21	1	Des Moines, Iowa	Administration
284	Pitney Bowes	Fred T Allen (65)	437	—	121	60	**619**	43	8	Providence, RI	Operations
431	Pittsburgh National	Merle E Gilliand (60)	425	—	29	—	**454**	29	12	Pitcairn, Pa	Finance
273	Pittston	Nicholas T Camicia (66)	520	37	75	—	**631**	13	12	Welch, W Va	Operations
90	Pneumo	Gerard A Fulham (62)	717	—	—	384	**1,101**	22	13	Winthrop, Mass	Finance
512	Pogo Producing	William C Liedtke Jr (57)	309	55	—	—	**365**	12	4	Tulsa, Okla	Operations
567	Polaroid	William J McCune Jr (67)	325	—	—	—	**325**	42	2	Glens Falls, NY	Technical
769	Portland Genl Elec	Robert H Short (57)	158	2	3	—	**163**	27	1	Klamath Falls, Ore	Finance
173	Potlatch	Richard B Madden (53)	450	12	9	348	**819**	11	11	Orange, NJ	Finance
625	Potomac Elec Power	W Reid Thompson (57)	268	2	4	—	**275**	11	11	Durham, NC	Legal
297	PPG Industries	L Stanton Williams (62)	590	2	13	—	**606**	36	3	Honolulu, Haw	Finance
763	Primark	Robert W Stewart (57)	160	—	3	6	**169[48]**	11	1	Tulsa, Okla	Marketing
502	Prime Computer	Joe M Henson (48)	225*	—	150	—	**375**	1	1	Fort Smith, Ark	Marketing
267	Procter & Gamble	John G Smale (54)	464	45	117	11	**637**	29	1	Listowel, Can	Administration
765	Provident Life & Acc	H Carey Hanlin (57)	166	—	—	—	**166**	33	3	Chattanooga, Tenn	Insurance
590	Provident National	Roger S Hillas (55)	290	22	—	—	**312**	31	8	Wyncote, Pa	Finance
749	Public Service Colo	Richard F Walker (58)	175	6	—	—	**181**	32	3	Alliance, Neb	Technical

*CEO joined company in 1981, salary portion annualized.
NA: Not available.

[1] For Forbes definitions and methodology see page 74.

[45] Succeeded by Gene G. Elam, 1/1/82.

[46] Not one of the five most highly paid officers, remuneration data not available.

[47] Succeeded by Alfred W. Martinelli, 5/20/82.

[48] Compensation by American Natural Resources prior to spinoff.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
746	**Public Service Ind**	**Hugh A Barker** (56)	176	6	—	—	**183**	23	5	Stillwater, Minn	Finance
787	**Public Service N H**	**William C Tallman** (62)	113	—	15	—	**128**	35	13	Newton, Mass	Technical
615	**Public Service N M**	**Jerry D Geist** (48)	269	4	14	—	**287**	22	6	Raton, NM	Technical
605	**Pub Svc Elec & Gas**	**Robert I Smith** (63)	260	32	1	—	**293**	41	6	Arlington, NJ	Technical
768	**Puget Sound Pwr & Lt**	**John W Ellis** (53)	157	1	5	—	**163**	12	6	Seattle, Wash	Legal
524	**Quaker Oats**	**William D Smithburg** (43)	347	7	—	—	**354**	16	1	Chicago, Ill	Marketing
504	**Rainier Bancorp**	**G Robert Truex Jr** (58)	306	2	64	—	**373**	8	8	Red Bank, NJ	Banking
447	**Ralston Purina**	**William P Stiritz** (47)	405	31	—	—	**437**	18	1	Jasper, Ark	Marketing
674	**Raychem**	**Paul M Cook** (58)	238	—	—	—	**238**	25	25	Ridgewood, NJ	Founder
380	**Raymond Intl**	**Henry F LeMieux** (55)	365	15	131	—	**510**	33	11	Greenville, Miss	Administration
269	**Raytheon**	**Thomas L Phillips** (58)	631	4	—	—	**635**	34	13	Turkey	Technical
135	**RCA**	**Thornton F Bradshaw** (64)	750*	—	154	—	**904**	1	1	Washington, DC	Administration
138	**Reading & Bates**	**John W Bates Jr** (62)	346	334	221	—	**900**	36	15	Spirit Lake, Iowa	Administration
751	**Republic Airlines**	**Daniel F May** (52)	159	13	—	8	**181**	25	1	Rainier, Ore	Finance
296	**Republic New York**	**Walter H Weiner** (51)	594	2	12	—	**608**	2	2	New York, NY	Legal
230	**Republic Steel**	**William J De Lancey** (66)	679	24	—	—	**704**	30	8	Chicago, Ill	Administration
278	**[49]RepublicBank**	**James D Berry** (61)	452	11	164	—	**627**	32	5	Sapulpa, Okla	Banking
256	**Revco D S**	**Sidney Dworkin** (61)	258	42	280	71	**651**	26	15	Detroit, Mich	Founder
86	**Revlon**	**Michel C Bergerac** (50)	1,133	4	5	—	**1,143**	7	7	France	Administration
92	**Rexnord**	**Robert V Krikorian** (62)	464	1	624	—	**1,089**	31	2	New Haven, Conn	Operations
121	**R J Reynolds Inds**	**J Paul Sticht** (64)	753	6	194	—	**954**	9	4	Clairton, Pa	Marketing
216	**Reynolds Metals**	**David P Reynolds** (67)	539	13	174	—	**726**	45	6	Bristol, Tenn	Marketing
206	**Richardson-Vicks**	**John S Scott** (56)	380	25	64	280	**750**	31	6	West Orange, NJ	Marketing
598	**Riggs National**	**Joe L Allbritton** (57)	300*	—	—	—	**300**	1	1	D'Lo, Miss	Finance
353	**Roadway Express**	**[50]William F Spitznagel** (55)	402	101	35	—	**537**	32	4	Fairfield, Ala	Operations
784	**Rochester Gas & Elec**	**Paul W Briggs** (59)	138	3	—	—	**140**	36	1	Fairport, NY	Finance
12	**Rockwell Intl**	**Robert Anderson** (61)	1,115	195	147	981	**2,438**	14	8	Columbus, Neb	Technical
211	**Rohm & Haas**	**Vincent L Gregory Jr** (59)	585	9	147	—	**742**	32	11	Oil City, Pa	Finance
449	**Rollins**	**O Wayne Rollins** (70)	400	—	36	—	**436**	34	34	Ringgold, Ga	Founder
559	**ROLM**	**M Kenneth Oshman** (41)	328	—	—	—	**328**	13	13	Kansas City, Mo	Founder
176	**Rowan Cos**	**C Robert Palmer** (47)	260	—	2	548	**809**	29	10	Gorman, Tex	Technical
162	**Ryder System**	**Leslie O Barnes** (65)	356	15	15	466	**851**	6	6	Canisteo, NY	Administration
95	**Sabine**	**Ashley H Priddy** (60)	265	46	45	699	**1,055**	33	13	Wichita Falls, Tex	Technical
578	**Safeco**	**Roland M Trafton** (62)	276	—	29	13	**318**	29	3	Los Angeles, Cal	Finance
494	**Safeway Stores**	**Peter A Magowan** (40)	375	8	—	—	**383**	14	2	New York, NY	Administration
374	**St Paul Cos**	**Carl B Drake Jr** (62)	489	—	27	—	**516**	40	9	St Paul, Minn	Insurance
262	**St Regis Paper**	**William R Haselton** (57)	433	154	56	—	**644**	29	3	Glens Falls, NY	Operations
770	**San Diego Gas & Elec**	**Thomas A Page** (49)	159	—	4	—	**163**	4	1	Niagara Falls, NY	Technical
179	**Santa Fe Industries**	**John S Reed** (65)	454	3	101	246	**804**	42	9	Chicago, Ill	Operations
197	**Schering-Plough**	**[51]Richard J Bennett** (65)	631	65	70	—	**766**	35	3	Brooklyn, NY	Legal
114	**Scientific-Atlanta**	**Sidney Topol** (57)	392	253	331	—	**975**	11	7	Boston, Mass	Technical
164	**SCM**	**Paul H Elicker** (59)	702	4	74	65	**845**	25	10	New York, NY	Finance
342	**Scott Paper**	**[52]Charles D Dickey Jr** (64)	474	2	8	67	**551**	35	11	New York, NY	Operations
490	**Seafirst**	**William M Jenkins** (63)	343	28	16	—	**387**	36	19	Sultan, Wash	Banking
20	**G D Searle**	**Donald H Rumsfeld** (49)	586	494	—	1,102	**2,182**	5	5	Chicago, Ill	Investment
108	**Sears Roebuck**	**Edward R Telling** (63)	986	24	—	—	**1,010**	36	4	Danville, Ill	Retailing
107	**Security Pacific**	**Richard J Flamson III** (53)	611	12	—	388	**1,010**	27	3	Los Angeles, Cal	Banking
592	**SEDCO**	**B Gill Clements** (40)	266	40	4	—	**309**	13	3	Dallas, Tex	Finance
594	**Shawmut**	**John P LaWare** (54)	263	—	42	—	**305**	3	1	Columbus, Wisc	Banking
70	**Shell Oil**	**John F Bookout** (59)	858	73	325	—	**1,256**	31	6	Shreveport, La	Technical

*CEO joined company in 1981, salary portion annualized.

[1] For Forbes definitions and methodology see page 74.
[49] Formerly Republic of Texas.
[50] Succeeded by Charles F. Zodrow, 1/1/82.
[51] Succeeded by Robert P. Luciano, 2/1/82.
[52] Succeeded by Philip E. Lippincott, 2/1/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
142	**Sherwin-Williams**	**John G Breen** (47)	623	3	34	234	**894**	3	3	Cleveland, Ohio	Operations
726	**Sigmor**	**Tom E Turner** (68)	200	—	—	—	**200**	30	30	Ft Worth, Tex	Founder
81	**Signal Cos**	**Forrest N Shumway** (55)	525	76	161	423	**1,184**	25	14	Skowhegan, Me	Legal
398	**Singer**	**Joseph B Flavin** (53)	483	—	—	—	**483**	6	6	St Louis, Mo	Finance
67	**Smith International**	**Jerry W Neely** (45)	592	26	—	654	**1,272**	16	5	Torrance, Cal	Operations
234	**SmithKline Beckman**	[53]**Robert F Dee** (57)	644	54	—	—	**698**	33	10	Cincinnati, Ohio	Administration
516	**Society**	**J Maurice Struchen** (61)	314	19	29	—	**362**	12	6	Cleveland, Ohio	Banking
455	**SONAT**	**Henry C Goodrich** (62)	346	5	21	60	**432**	2	1	Fayetteville, Tenn	Technical
744	**So Carolina E & G**	**Virgil C Summer** (61)	160	19	5	—	**184**	44	2	Spartanburg, SC	Operations
724	**South Carolina Natl**	**James G Lindley** (51)	176	22	4	—	**202**	3	1	Greensboro, NC	Banking
566	**Southeast Banking**	**Charles J Zwick** (55)	264	1	—	61	**325**	13	2	Plantsville, Conn	Finance
574	**So Calif Edison**	**William R Gould** (63)	300	11	9	—	**320**	34	1	Provo, Utah	Technical
543	**Southern Company**	**Alvin W Vogtle Jr** (63)	326	16	—	—	**341**	41	12	Birmingham, Ala	Legal
659	**So New England Tel**	**Alfred W Van Sinderen** (58)	222	6	21	—	**249**	34	14	Brooklyn, NY	Operations
227	**Southern Pacific**	**Benjamin F Biaggini** (66)	699	—	14	—	**713**	45	14	New Orleans, La	Technical
387	**Southern Railway**	**Harold H Hall** (56)	424	1	75	—	**499**	39	1	Andrews, NC	Operations
327	**Southland**	**John P Thompson** (56)	473	97	1	—	**571**	33	21	Dallas, Tex	Finance
433	**Southland Royalty**	**Jon Brumley** (43)	379	42	32	—	**453**	15	8	Pampa, Tex	Administration
675	**SouthTrust**	**Wallace D Malone Jr** (45)	237	—	—	—	**237**	23	1	Dothan, Ala	Banking
272	**Southwest Bancshares**	**John T Cater** (46)	328	2	11	290	**632**	5	5	Temple, Tex	Banking
771	**Southwestern Pub Svc**	**Berl M Springer** (61)	156	7	—	—	**162**	35	1	Lakeview, Tex	Technical
156	**Sperry**	[54]**J Paul Lyet** (65)	688	43	—	124	**855**	38	9	Philadelphia, Pa	Finance
231	**Square D**	**Mitchell P Kartalia** (69)	600	1	102	—	**703**	41	14	Yukon, Pa	Marketing
310	**Squibb**	**Richard M Furlaud** (59)	579	—	11	—	**590**	26	16	New York, NY	Legal
363	**A E Staley Mfg**	**Donald E Nordlund** (60)	476	32	20	—	**527**	26	9	Stromsburg, Neb	Administration
133	**Standard Oil Calif**	**George M Keller** (59)	495	369	42	—	**907**	34	1	Kansas City, Mo	Technical
174	**Standard Oil Ind**	**John E Swearingen** (63)	777	41	—	—	**818**	43	21	Columbia, SC	Production
204	**Standard Oil Ohio**	**Alton W Whitehouse Jr** (54)	556	34	161	—	**752**	13	4	Albany, NY	Legal
228	**Stanley Works**	**Donald W Davis** (61)	426	18	80	188	**712**	34	16	Springfield, Mass	Administration
601	**State Street Boston**	**William S Edgerly** (55)	289	9	—	—	**298**	6	6	Lewiston, Me	Finance
286	**Stauffer Chemical**	**H Barclay Morley** (53)	386	4	226	—	**616**	19	8	Sydney, Can	Technical
329	**Sterling Drug**	**Dr W Clarke Wescoe** (62)	456	79	—	34	**569**	12	8	Allentown, Pa	Technical
593	**J P Stevens**	**Whitney Stevens** (55)	296	—	12	—	**308**	34	2	Plainfield, NJ	Sales
525	**Stop & Shop Cos**	**Avram J Goldberg** (52)	323	3	28	—	**354**	24	3	Boston, Mass	Legal
244	**Storage Technology**	**Jesse I Aweida** (51)	660	5	11	—	**676**	12	12	Palestine	Founder
788	**Sumitomo Bank Cal**	**Nimei Akamatsu** (53)	118	9	—	—	**127**	9	3	Japan	Banking
741	**Sun Banks of Florida**	[55]**Richard F Livingston** (62)	185	1	—	—	**186**	41	8	Daytona Beach, Fla	Banking
166	**Sun Company**	**Theodore A Burtis** (60)	638	7	—	199	**844**	15	3	Jamaica, NY	Technical
180	**Sundstrand**	**Evans W Erikson** (55)	420	298	86	—	**803**	30	2	Rockford, Ill	Technical
604	**Super Valu Stores**	**Michael W Wright** (44)	225	1	—	69	**294**	5	1	Minneapolis, Minn	Legal
453	**Superior Oil**	**Frederic C Ackman** (51)	434†	—	—	—	**434**	1	1	Oakland, Ind	Administration
489	**Supermarkets General**	**Herbert Brody** (67)	376	4	7	—	**387**	26	2	Philadelphia, Pa	Founder
549	**Supron Energy**	**Alvin M Wiederkehr** (59)	298	27	9	—	**335**	30	10	Freer, Tex	Operations
531	**Swift Independent**	**John A Copeland** (58)	296*	7	49	—	**351**	34	1	Converse, La	Production
581	**Sysco**	**John F Baugh** (66)	317	—	—	—	**317**	36	12	Waco, Tex	Founder
750	**Tandem Computers**	**James G Treybig** (41)	181	—	—	—	**181**	7	7	Clarendon, Tex	Founder
481	**Tandy**	**John V Roach** (43)	350	42	—	—	**392**	15	1	Stamford, Tex	Operations
762	**Tecumseh Products**	**Kenneth G Herrick** (61)	170	—	—	—	**170**	42	11	Jackson, Mich	Production
542	**Tektronix**	**Earl Wantland** (50)	188	62	—	92	**342**	27	7	Bridge, Ore	Administration
255	**Teledyne**	**Henry E Singleton** (65)	650	9	—	—	**659**	21	21	Haslet, Tex	Founder

*Salary portion annualized.
†CEO joined company in 1981, salary less than full year.

[1] For FORBES definitions and methodology see page 74.
[53] Succeeded by Henry Wendt, 2/24/82.
[54] Succeeded by Gerald G. Probst, 4/1/82.
[55] Succeeded by Joel R. Wells Jr., 1/1/82.

Who Gets The Most Pay

			Compensation ($000)					Years served			
Rank	Company	Chief executive (age)	salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	with co.	as CEO	Place of birth	Business background
78	Tenneco	James L Ketelsen (51)	682	52	481	—	1,215	23	3	Davenport, Iowa	Finance
157	Tesoro Petroleum	Robert V West Jr (61)	634	23	197	—	855	26	17	Kansas City, Mo	Founder
63	Texaco	John K McKinley (62)	535	68	685	—	1,288	41	1	Tuscaloosa, Ala	Technical
614	Texas American Bshs	Lewis H Bond (60)	276	—	13	—	289	30	19	Ashport, Tenn	Banking
26	Texas Commerce Bshs	Ben F Love (57)	563	21	286	822	1,692	15	9	Vernon, Tex	Finance
336	Texas Eastern	I David Bufkin (60)	394	95	70	—	559	33	2	Haynesville, La	Technical
339	Texas Gas Transmn	Dennis R Hendrix (42)	532	22	—	—	555	9	4	Selmer, Tenn	Finance
468	Texas Instruments	Mark Shepherd Jr (59)	357	57	—	—	414	34	13	Dallas, Tex	Technical
3	Texas International	George Platt (59)	640	128	—	5,863	6,631	25	25	Brooklyn, NY	Founder
22	Texas Oil & Gas	William L Hutchison (50)	417	6	—	1,567	1,989	24	6	Dallas, Tex	Legal
619	Texas Utilities	T Louis Austin Jr (63)	265	15	—	—	280	29	7	Trenton, Tenn	Production
425	Textron	Robert P Straetz (60)	417	47	—9	—	456	36	2	Hillside, NJ	Sales
443	Third National	Charles J Kane (62)	197	8	3	236	445	7	6	Louisville, Ky	Banking
391	Tidewater	John P Laborde (59)	458	6	28	—	492	26	6	Marksville, La	Legal
407	Tiger International	Wayne M Hoffman (59)	445	33	—	—	478	14	11	Chicago, Ill	Legal
270	Time Inc	J Richard Munro (51)	582	50	2	—	633	24	1	Syracuse, NY	Operations
259	Times Mirror	Robert F Erburu (52)	536	114	—	—	650	21	1	Ventura, Cal	Legal
534	Timken	William R Timken Jr (43)	334	13	—	—	346	19	7	Canton, Ohio	Operations
760	Toledo Edison	John P Williamson (60)	162	4	5	—	171	31	9	Cleveland, Ohio	Finance
780	Tom Brown	Thomas C Brown (55)	122	30	—	—	152	26	26	Akron, Ohio	Founder
57	Tosco	Morton M Winston (51)	371	44	7	879	1,301	18	6	New York, NY	Legal
2	Toys "R" Us	Charles Lazarus (58)	1,223	10	45	6,334	7,613	26	26	Washington, DC	Founder
356	Trans World	L Edwin Smart (58)	328	1	93	110	533	15	5	Columbus, Ohio	Legal
196	Transamerica	James R Harvey (47)	575	17	—	175	767	17	1	Los Angeles, Cal	Finance
419	Transco Cos	William J Bowen (60)	427	38	—	—	465	7	7	Sweetwater, Tex	Operations
646	TRANSOHIO Fincl	Warner B Bishop (63)	240	3	16	—	259	19	19	Lakewood, Ohio	Administration
404	Travelers	Edward H Budd (49)	465	13	3	—	480	27	1	Zanesville, Ohio	Insurance
637	Trust Co of Georgia	Robert Strickland (55)	264	—	—	—	264	33	5	Atlanta, Ga	Banking
251	TRW	Ruben F Mettler (58)	640	23	—	—	663	27	4	Shafter, Cal	Technical
743	Tucson Electric Pwr	Theodore M Welp (48)	161	23	—	—	184	8	6	San Francisco, Cal	Finance
460	Turner Construction	Walter B Shaw (62)	347	1	34	43	424	41	5	New York, NY	Operations
304	U S Air	Edwin I Colodny (56)	415	10	—	174	599	24	6	Burlington, Vt	Legal
487	UAL	Richard J Ferris (46)	371	16	—	—	387	10	3	Sacramento, Cal	Administration
446	Union Camp	Peter J McLaughlin (53)	337	—	102	—	439	36	2	New York, NY	Finance
177	Union Carbide	[56]William S Sneath (56)	756	26	—	28	809	31	5	Buffalo, NY	Finance
606	Union Electric	Charles J Dougherty (63)	288	5	—	—	293	41	14	Clayton, Mo	Legal
16	Union Oil California	Fred L Hartley (65)	1,300	32	211	798	2,340	43	17	Vancouver, Can	Technical
7	Union Pacific	James H Evans (62)	954	7	12	1,863	2,836	13	4	Lansing, Mich	Administration
540	Uniroyal	Joseph P Flannery (50)	321	22	—	—	343	23	2	Lowell, Mass	Marketing
716	United Banks of Colo	N Berne Hart (52)	174	—	26	5	205	28	3	Denver, Colo	Banking
291	United Brands	Seymour Milstein (61)	610	3	—	—	613	7	5	New York, NY	Operations
307	Utd Energy Resources	J Hugh Roff Jr (50)	446	45	103	—	594	8	8	Wewoka, Okla	Legal
666	United Jersey Banks	T Joseph Semrod (45)	200*	44	1	—	246	1	1	Oklahoma City, Okla	Banking
707	United Missouri Bshs	R Crosby Kemper (55)	193	3	18	—	214	32	12	Kansas City, Mo	Administration
501	U S Bancorp	John A Elorriaga (58)	280	33	63	—	375	31	7	Jordan Valley, Ore	Banking
358	United States Gypsum	Graham J Morgan (64)	509	9	14	—	532	42	17	Aurora, Ill	Marketing
172	United States Steel	David M Roderick (58)	784	18	20	—	821	23	3	Pittsburgh, Pa	Finance
520	United States Trust	Daniel P Davison (57)	357	—	—	—	357	3	1	New York, NY	Legal
25	United Technologies	Harry J Gray (62)	1,025	210	413	94	1,742	10	9	Milledgeville, Ga	Administration

*CEO joined company in 1981, salary annualized.

[1] For Forbes definitions and methodology see page 74.

[56] Succeeded by Warren M. Anderson, 1/1/82.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000)					Years served		Place of birth	Business background
			salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	with co.	as CEO		
450	United Telecom	Paul H Henson (56)	415	14	—	6	435	23	15	Bennet, Neb	Technical
599	United Virginia Bshs	Joseph A Jennings (61)	274	2	23	—	299	44	5	Richmond, Va	Banking
430	Upjohn	Ray T Parfet Jr (59)	405	49	—	—	454	34	20	Port Huron, Mich	Finance
528	USF&G	Jack Moseley (51)	268	—	84	—	352	28	2	Birmingham, Ala	Insurance
208	USLIFE	Gordon E Crosby Jr (61)	478	7	58	204	747	23	16	Remsen, Iowa	Marketing
776	Utah Power & Light	Harry Blundell (57)	149	—	8	—	156	33	3	Salt Lake City, Utah	Finance
288	Valero Energy	William E Greehey (46)	426	112	—	77	615	18	8	Fort Dodge, Iowa	Finance
461	Valley National	Gilbert F Bradley (62)	332	18	73	—	422	45	6	Miami, Ariz	Banking
673	Va Electric & Power	T Justin Moore Jr (57)	233	—	7	—	240	26	4	Richmond, Va	Legal
652	Virginia Natl Bshs	Clifford A Cutchins III (58)	233	—	21	—	254	34	2	Southampton Cty, Va	Banking
351	Vulcan Materials	W Houston Blount (60)	538	2	—	—	540	27	3	Union Springs, Ala	Operations
548	Wachovia	John G Medlin Jr (48)	313	—	23	—	336	23	5	Benson, NC	Banking
639	Wal-Mart Stores	Sam M Walton (64)	250	—	12	—	262	36	36	Kingfisher, Okla	Founder
656	Waldbaum	Ira Waldbaum (53)	250	—	—	—	250	35	33	Brooklyn, NY	Administration
364	Walgreen	Charles R Walgreen III (46)	329	7	189	—	525	30	11	Chicago, Ill	Operations
341	Wang Laboratories	An Wang (62)	357	—	197	—	554	31	31	China	Founder
1	Warner Commun	Steven J Ross (54)	1,954	73	1,106	19,421	22,554	20	20	New York, NY	Finance
218	Warner-Lambert	Ward S Hagan (62)	377	118	229	—	724	12	4	Sioux City, Iowa	Marketing
698	Washington National	Stanley P Hutchison (58)	216	6	2	—	224	35	6	Joliet, Ill	Legal
8	Waste Management	Dean L Buntrock (51)	524	118	—	2,187	2,829	25	13	Columbia, SD	Founder
405	Wells Fargo	Richard P Cooley (58)	450	26	3	—	479	32	15	Dallas, Tex	Finance
384	West Point-Pepperell	Joseph L Lanier Jr (50)	370	—	133	—	503	25	6	Lanett, Ala	Operations
75	Western Co No Amer	John A Fanning (42)	643	170	8	404	1,225	14	1	Waterbury, Conn	Technical
732	Western Financial	Gary H Driggs (47)	180	16	—	—	196	20	6	Phoenix, Ariz	Banking
500	Western Union	Robert M Flanagan (52)	342	5	2	26	375	8	3	Springfield, Mass	Finance
82	Westinghouse Elec	Robert E Kirby (63)	808	105	—	261	1,175	36	7	Ames, Iowa	Technical
365	Westvaco	David L Luke III (58)	489	35	—	—	524	30	18	Tyrone, Pa	Finance
644	Wetterau	Ted C Wetterau (54)	247	13	—	—	260	30	12	St Louis, Mo	Marketing
354	Weyerhaeuser	George H Weyerhaeuser (55)	527	9	—	—	536	32	16	Seattle, Wash	Production
42	Wheelabrator-Frye	Michael D Dingman (50)	1,076	66	316	—	1,458	12	11	New Haven, Conn	Finance
221	Wheeling-Pitts Steel	Dennis J Carney (61)	413	30	39	241	722	8	4	Charleroi, Pa	Operations
191	Whirlpool	John H Platts (64)	472	1	100	210	783	41	10	Detroit, Mich	Sales
242	White Consolidated	Roy H Holdt (61)	532	39	107	—	678	40	5	Edgewood, Md	Finance
662	Whitney Holding	Patrick A Delaney (50)	225	—	23	—	248	28	5	New Orleans, La	Banking
73	Whittaker	Joseph F Alibrandi (53)	637	14	18	566	1,235	11	7	Boston, Mass	Administration
185	Wickes Cos	[57]Emil L McNeely (63)	434	95 E	265	—	794	17	11	Pattonsburg, Mo	Marketing
366	Williams Cos	John H Williams (49)	438	29	57	—	524	23	3	Tulsa, Okla	Operations
400	Wilson Foods	Kenneth J Griggy (48)	158	—	—	324	482†	6	6	Suffield, Ohio	Administration
426	Winn-Dixie Stores	Bert L Thomas (64)	425	31	—	—	456	36	16	Malad, Ida	Administration
719	Wisconsin Elec Pwr	Charles S McNeer (56)	196	7	—	—	203	32	6	Gilbert, W Va	Technical
416	Witco Chemical	William Wishnick (57)	304	4	3	158	469	32	10	New York, NY	Administration
475	F W Woolworth	Edward F Gibbons (62)	400	—	—	—	400	8	5	Boston, Mass	Finance
424	Wyman-Gordon	Joseph R Carter (63)	446	10	—	—	456	25	10	Youngstown, Ohio	Operations
99	Xerox	[58]C Peter McColough (59)	731	95	135	76	1,037	27	14	Halifax, Can	Sales
582	Zale	Donald Zale (49)	285	31	—	—	316	27	11	Wichita Falls, Tex	Marketing
477	Zapata	B John Mackin (64)	393	3	—	—	395	3	3	Dallas, Tex	Legal
55	Zayre	Maurice Segall (53)	800	60	—	459	1,320	4	4	Joliette, Can	Retailing
584	Zenith Radio	Revone W Kluckman (53)	278	23	15	—	316	15	1	Mound City, SD	Finance
695	Zions Utah Bancorp	Roy W Simmons (66)	179	—	47	—	226	28	16	Portland, Ore	Banking

†Compensation since spinoff from LTV.
E: Estimate

[1] For Forbes definitions and methodology see page 74.

[57] Succeeded by Sanford C. Sigoloff, 3/30/82.

[58] Succeeded by David T. Kearns, 5/20/82.

The Soviet-Western Europe pipeline deal would strengthen the Soviet economy. But is that necessarily bad for the U.S.?

Embracing the bear

By Lawrence Minard

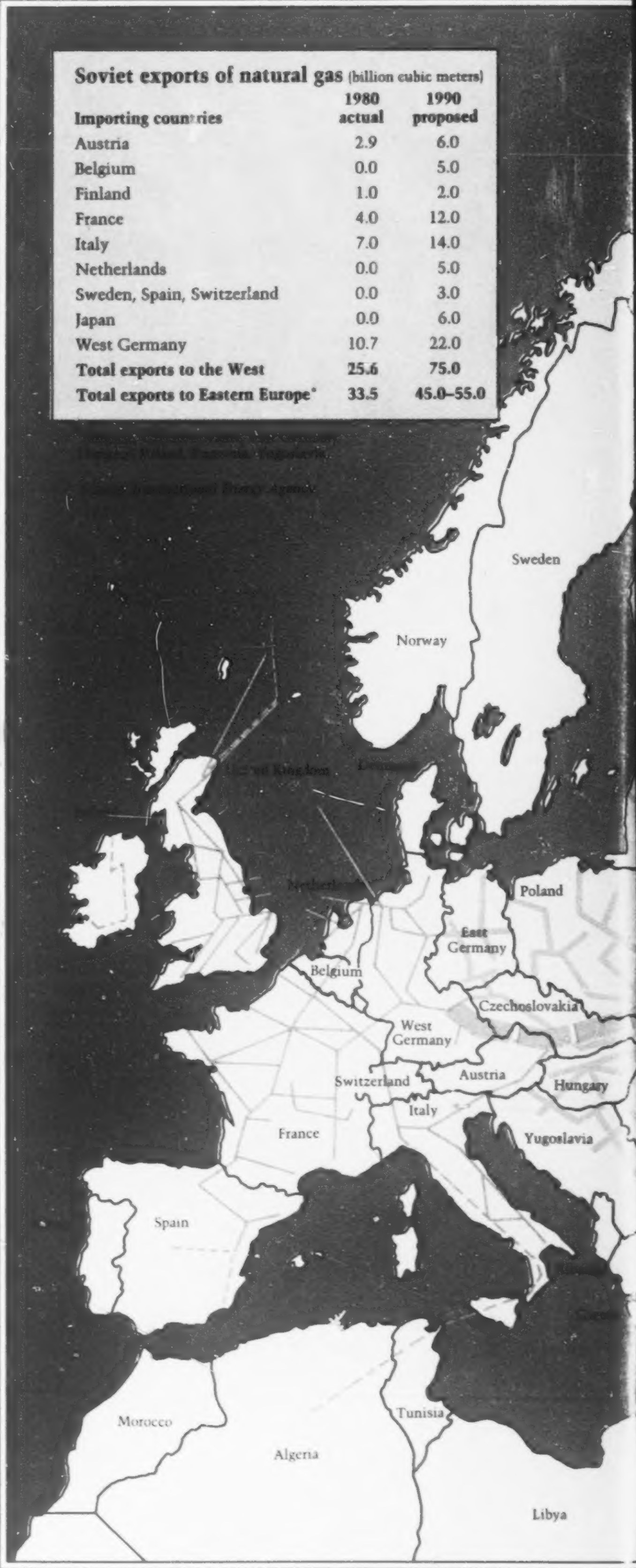
THE QUESTION IS SIMPLE: Why should we trade with the Soviets at a time when they are arming so heavily against us? The simple answer: We should not. The simple answer may not be the right answer.

American hardliners see the East's economic misfortune as the West's deliverance. Senator Robert Kasten Jr. (R-Wis.) recently put that case on the *Wall Street Journal*'s editorial page: "The crisis in Poland provides an unprecedented opportunity to hasten the breakdown of the Soviet Communist system. The bankruptcy of Poland and the economic troubles of Rumania and other Soviet-satellite countries couldn't have come at a worse time for the U.S.S.R."

President Reagan in his foreign policy address at Eureka College last month took a no-nonsense but more balanced approach. "The Soviets must not have access to Western technology with military applications, and we must not subsidize the Soviet economy," he said. But again: It's not that simple. The President went on to say, "A Soviet leadership devoted to improving its people's lives, rather than expanding its armed conquests, will find a sympathetic partner in the West. The West will respond with expanded trade and other forms of cooperation." And that's just where the complications come in: Is cutting off trade the best way to encourage the Soviets to be less hostile?

Russia's industry is probably "20 or 30 years behind the West's," according to Indiana University's Sovietologist Nicolas Spulber. A vast country, militarily powerful but with an economy that ranks somewhere below Ireland in standard of living, the Soviet Union must somehow modernize its overstaffed, underproductive industry. But the means of modernization—computerized machinery, microelectronics, technical knowledge—reside in Western Europe, Japan, the U.S. And importing them requires hard—tradable, convertible—currency.

Moscow is very short on hard currency. Production of its principal hard currency generator, oil, is peaking. Prices



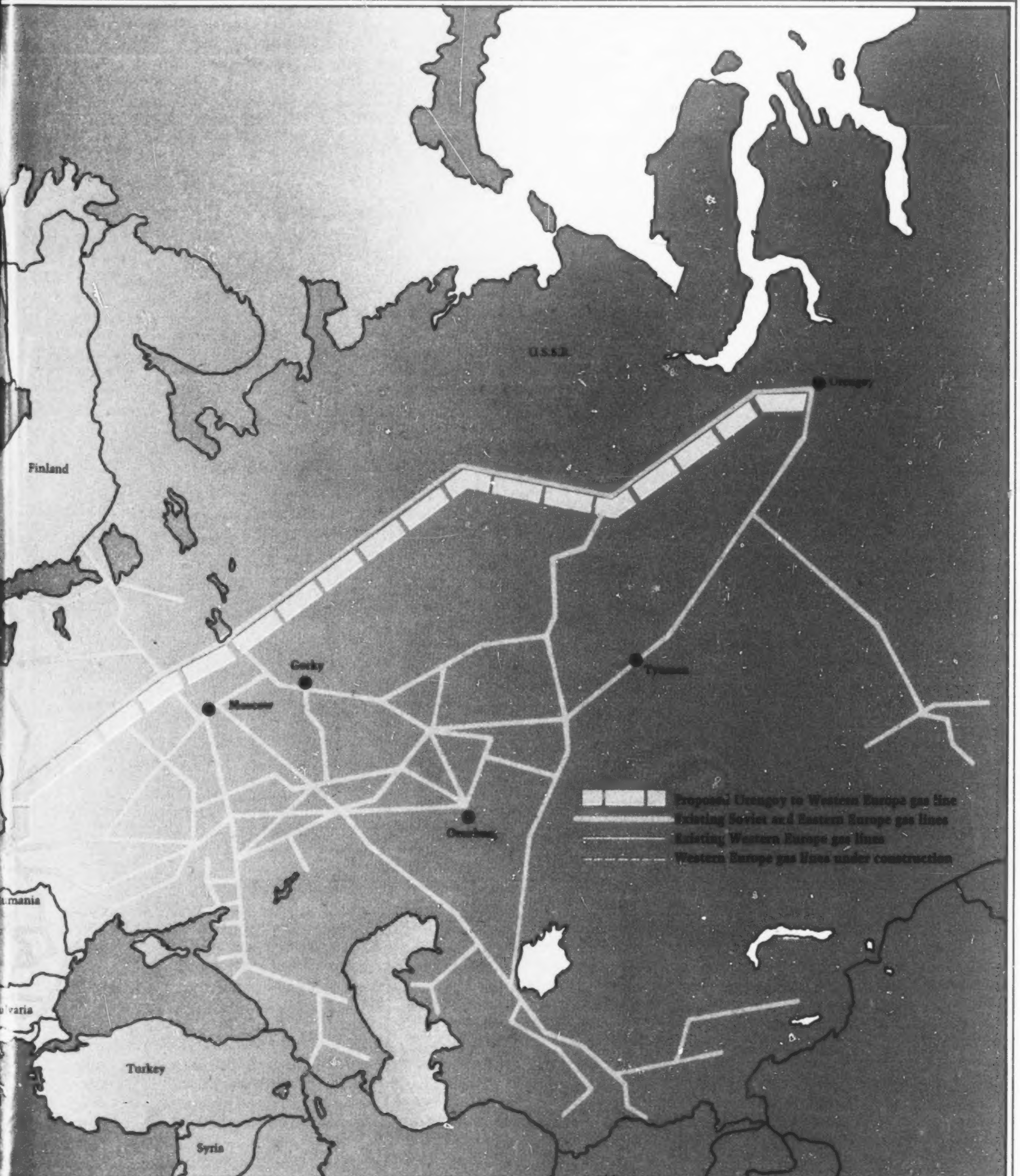
Soviet exports of natural gas (billion cubic meters)

Importing countries	1980 actual	1990 proposed
Austria	2.9	6.0
Belgium	0.0	5.0
Finland	1.0	2.0
France	4.0	12.0
Italy	7.0	14.0
Netherlands	0.0	5.0
Sweden, Spain, Switzerland	0.0	3.0
Japan	0.0	6.0
West Germany	10.7	22.0
Total exports to the West	**25.6**	**75.0**
Total exports to Eastern Europe*	**33.5**	**45.0–55.0**

*[illegible] Hungary, Poland, Rumania, Yugoslavia.

Source: International Energy Agency.

What's surprising about Soviet gas is how developed its pipeline network already is *(solid lines on map)*. West European gas purchases and financing will enable the Russians to develop further the Siberian gas deposits at Urengoy, and build the pipeline *(broken line on map)* that will bring energy not only to the West but to Soviet manufacturing centers. The U.S. is understandably wary of this Western financing of Soviet infrastructure development.


U.S.S.R.
Urengoy
Finland
Gorky
Moscow
Tyumen
Orenburg
Proposed Urengoy to Western Europe gas line
Existing Soviet and Eastern Europe gas lines
Existing Western Europe gas lines
Western Europe gas lines under construction
Rumania
ulgaria
Turkey
Syria
Israel
Iraq
Jordan
Egypt
Saudi Arabia
Iran
Afghanistan
Pakistan
India

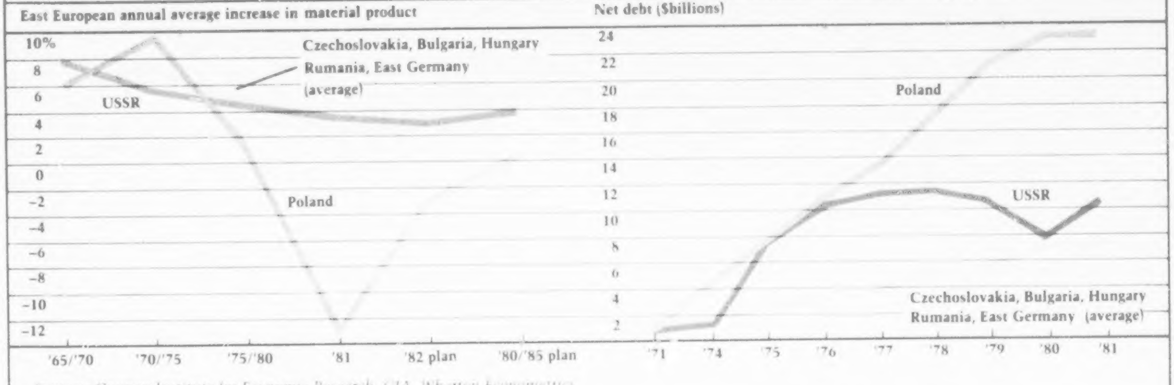
are falling. Oil sales to the West earned just $17 billion last year, according to Wharton Econometrics' Russia-watcher Dr. Jan Vanous, *vs* $13 billion in 1979. They will probably earn around $15 billion this year.

Gold? Sales shot from less than 100 tons in 1980 to 250 tons last year and could hit 500 tons this year. But soaring volume depresses prices. Russia will be lucky to earn $4 billion from gold this year—$10 billion short of what it may need to import Western grain to keep its 260 million citizens adequately fed.

The view from the Kremlin is even worse if you bring Eastern Europe into the picture. The Eastern European economies, which grew at 7% and 8% real annual rates in the 1960s and 1970s, are now in tatters. The central planners have slashed their official 1982 targets drastically—projecting 2% growth for Czechoslovakia, 4.8% for East Germany, 1% to 1.5% for Hungary, –3% for Poland. In reality, says Heinrich Machowski, East-West trade specialist at West Berlin's German Institute for Economic Research, "with the possible exception of the DDR [East Germany], nil growth is the likely prospect."

Not in the plan

Soviet and East European economic growth *(left)* was fueled by rising hard currency borrowings *(right)*. But the centrally planned economies did not use the debt efficiently. So growth has slowed and the East has poor prospects of earning enough to pay the debt or of borrowing more.



Sources: German Institute for Economic Research; CIA; Wharton Econometrics

Don't forget, this is stagnation at a very low economic level. Hungary has a lower per capita gross national product than Greece. Yet Greece is an underdeveloped economy by Western standards and Hungary almost a showplace of affluence by Communist standards.

The problem is this: Eastern Europe financed its 1970s growth with huge subsidies from Moscow and massive loans from the West. The six countries of the Council for Mutual Economic Assistance (Poland, Czechoslovakia, Hungary, Bulgaria, Rumania and East Germany) now owe around $60 billion, net, to Western banks, six times what the Soviet Union owes. But the CMEA members did not use that debt capital infusion successfully to build an efficient, exporting industry. Now they have scant prospects for repaying the existing debt, and the Western banks have in essence called a halt to new loans (although several European bankers are quietly renegotiating Poland's $23 billion debt).

That means the CMEA countries must spend most of the 1980s working off debt—exporting what they can to earn debt service, cutting back imports from the West because they cannot afford them. The result must be that they will turn to Moscow for ever larger subsidies. The consequence of poverty thus is Communist cohesion, not disintegration.

Americans tend to forget that while Russia ruthlessly exploits its Eastern European allies politically and militarily, it pays handsomely for the privilege. The coin it pays in is oil.

Aside from Rumania, Eastern Europe produces virtually no oil but consumes over 2 million barrels a day. Russia is the world's largest producer: nearly 13 million barrels a day in 1981, *vs* 9.5 million b/d for Saudi Arabia. It consumes around 10 million b/d domestically and exports around 1.2 million b/d to the West (including oil products) for hard currency. The remainder, 1.6 million b/d, it delivers to its Eastern European allies at prices that have averaged around half the world market price. Think of it this way: Had the Eastern Europeans been cut off from Russian oil and forced onto the world market in 1981, they would have had to borrow an additional $14 billion.

All told, according to Wharton Econometrics' Vanous and Northwestern University's Professor Michael Marrese, Moscow subsidized its Eastern European allies by over $39 billion during 1974-79 and by nearly another $22 billion in 1980 and a like amount last year. Clearly, it takes more than Russian tanks and bayonets to keep the Eastern bloc intact.

What is the Kremlin to do? Cut off oil deliveries to Eastern Europe or charge them world prices in hard currency? Moscow would gladly take either course. But it knows that doing so would drive the Eastern European economies even further into the ground. The "Polandization" of Eastern Europe would be a likely result.

Short of economic collapse and the severe hardship that would entail, there is only one way out: trade with the West. The West is where the things are produced that the East so badly wants. But what could the Soviets use for currency? The answer: natural gas.

The Soviet Union's immense natural gas reserves are principally situated in Orenburg (about 750 miles southeast of Moscow) and the Urengoy and Yamburg fields of Siberia. The Urengoy fields alone probably contain 5 trillion cubic meters of gas, according to London-based Soviet energy specialist Jonathan Stern. Yamburg probably contains another 3 trillion. Altogether, says Stern, western Siberia probably has 16 tcm—around 25% of the world's known gas reserves.

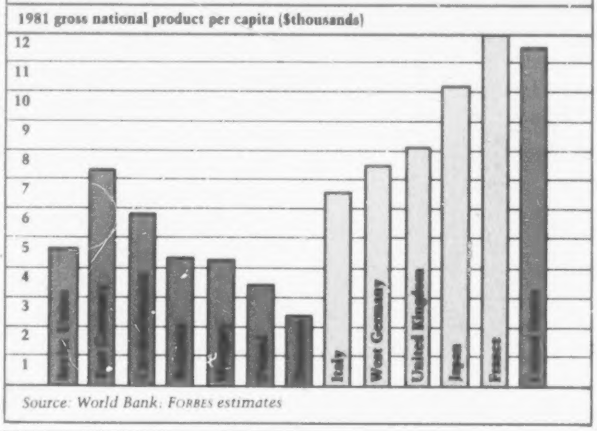
Russia has been developing those reserves steadily over the past decade. Production was 200 billion cubic meters a year in 1970, 435 bcm last year. (U.S. natural gas production last year was 600 bcm.) About 60 bcm are exported, 43% to the West, the balance to Eastern European countries.

Russia's 1980-85 development plan calls for increasing annual gas production by 195 bcm, almost all from the Urengoy fields. But to exploit Urengoy quickly and efficiently, Russia needs help from the West in the form of technology and, most important, capital—which in turn require hard-currency earning power. Solution: Sell increasing amounts of its gas to the West.

The solution was put into effect early this year when France and Germany signed 25-year contracts for annual deliveries of 8 bcm and 11.2 bcm (including 0.7 bcm for West Berlin), respectively. Italy and Austria are expected to sign on for another 10 bcm or so between them. Deliveries are to start in 1984 or 1985 and reach a plateau in 1987, when the Soviets could be earning around $8 billion a year at current prices—twice what gold currently brings.

Blighted nations

Save for East Germany, the Soviet bloc's level of development is well below the West's—and is stalled there, in danger of permanent poverty.



Source: World Bank; FORBES estimates

Moscow wanted the gas deal badly. The Russians agreed to a base price with West Germany's Ruhrgas of $4.75 per million Btu (the equivalent of $28-a-barrel oil), delivered to the West German border. That compares with the $6.10 per million Btu France recently agreed to pay for Algerian gas and the $5.5 per million Btu the Europeans pay for Norwegian gas.

Clearly, Western Europe wanted the deal as well. Aware that Moscow cannot afford to buy outright the equipment the Urengoy project requires, the big French and German banks (backed by their governments) have agreed to finance Russia's equipment purchases from the West with medium-term export credits at around 5 points below the current market interest rates—a major source of U.S. irritation. The loans are to be repaid from revenues from Russia's gas sales.

As one German businessman describes the Urengoy deal: "German banks make money, German steel makes money, Ruhrgas makes money. It's perfect."

He might have added that American farmers will make money, too, as Urengoy's earnings will, in effect, enable Russia to keep importing U.S. grain.

In Europe, both sides of the Iron Curtain see a good deal. The Soviet Union sees rapid development of its efficient energy supplies and the opportunity to solve its Eastern European energy problem, either through gas supplies to its satellites or redeployment of some or all of the oil it now sells the West.

What does Western Europe get out of it? For one thing, the prospect of enormous business opportunities for its depressed industries.

During the 1970s, détente and *Ostpolitik* turned into good business for Western Europe, West Germany in particular. In 1970 Western European exports to the Communist countries were $3 billion, and those of Japan and the U.S. were similarly negligible. But, by 1980, Western exports had soared to around $30 billion, imports to $28 billion. About 6% of West Germany's exports go to the East—including the $3 billion worth it exported last year to East Germany, counted as intra-German trade by Bonn. Those Eastern bloc exports, though small in percentage terms, accounted for more than 200,000 West German jobs. Obviously, depressed Western Europe would like to increase the Eastern business. But as the CMEA countries reduce their imports to work off their debt, prospects are dim. Says the German Institute for Economic Research's Machowski: "It would be a major success if in 1990 we could stabilize [East-West] trade at the 1980 level."

Think of it this way: Western banks have stopped buying Eastern bloc IOUs, thus choking the East's ability to buy from the West. Instead of Soviet IOUs, the West would be getting Soviet gas. Isn't Soviet gas a better deal than Soviet IOUs?

The Urengoy-to-Western Europe pipeline project offers that prospect. The cost of construction is estimated at between $11 billion and $15 billion. It will probably require 2,500 miles of specially welded large-diameter pipe, of which Germany's Mannesmann is the world's prime supplier. Cost: about $2 billion. To pump the gas, the line will require at least 41 compressor stations, at $50 million a copy; these are likely to come from General Electric licensees Nuovo Pignone in Italy, Creusot-Loire in France, AEG in West Germany and John Brown in Britain. Washington has withheld permission for those GE licensees to sell the compressors to the gas-line project. The embargo has also hit Caterpillar, which has already sold over 1,400 pipe-laying CATS to Russia and has been offered contracts for another 200 (worth $25 million) for the Urengoy project. The prospect of removing those sanctions could be a powerful bargaining card for the U.S.

And the Urengoy-to-Western Europe line is only one of six Siberian lines Russia's 1980-85 plan calls for. All told, Moscow plans to install 10,000 miles of pipe from Urengoy to European Russia. No one knows what will be the total value of contracts to Western industry, but the potential is obviously enormous.

A nice piece of business. But the real significance is not in the equipment orders but in the continuing relationship, the continuing currents of trade that the pipelines will provide. The Russians have denominated their supply contracts with the Western Europeans in the consumers' own currencies—Russian gas for deutsche marks and francs—not dollars, until now the lingua franca of world energy trade. That is attractive because it allows European governments to disconnect their currencies from dollars and tends to tie gas purchases to reciprocal trade. Mitterrand's socialist schemes could thus destroy whatever competitiveness French manufacturing has, but French factories could keep going with sales tied to Russia.

So why is the U.S. opposed? As we said: The situation is almost unbelievably complex. The U.S. fears that its NATO allies will become dangerously dependent on a militarily powerful Soviet Union—the Finlandization of Western Europe, after the independent nation that must tailor its words and deeds to suit its giant neighbor. Washington's first, and most obvious, objection is that the Soviets could use the threat of an energy cutoff as leverage for other, political ends.

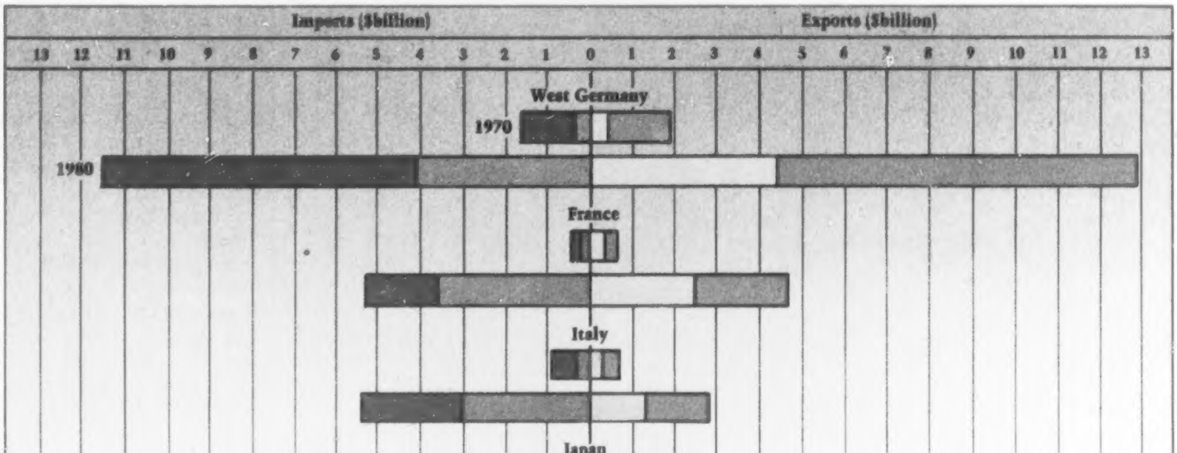
The proposed gas supply certainly looks like leverage. If

Eastern exposure

Is it any wonder that our NATO allies take a different view from Washington of trade with the communist bloc? Look at the chart below. U.S. exports to the Soviet Union and Eastern Europe went from $350 million to $3.8 billion in the decade 1970-80. But that growth, much of it accruing to U.S. grain farmers, pales in comparison with the trade growth of our major allies.

Look especially at West Germany, NATO's front line. Bonn's trade with the East expanded from less than $4 billion to almost $25 billion. Included in the West German total is some $6 billion of trade with East Germany, which Bonn counts as "intra-German." How important is that Eastern business? It provides more than 200,000 jobs in West Germany's currently depressed economy. Understandably, then, the Germans, French and Italians are more disposed than Washington to grant low-cost credits to the Soviets (who now pay 11.25% for five-to-eight-year loans from Western Europe, about 3% below market).

Looking ahead, most Europeans see more opportunities than problems. They see the Soviet Union and its satellites as a vast developing country—300 million-plus in population—that has trouble paying for European industrial exports today but may not tomorrow. "The feeling in Europe is that Soviet economic development will happen," says a U.S. State Department official, "and they want to establish themselves as suppliers of equipment well into the future."—L.M.



the Europeans take the full 40 bcm that Moscow hopes to sell them, the Soviets will account for 32% of West Germany's gas supplies, 32% of France's, 35% of Italy's and virtually 100% of Austria's. The gas works out to a far lower percentage of those nations' total energy supply, but the gas will power key industries and households.

The Western Europeans respond to American fears in several ways. First, they say, they could replace cutoff supplies with currently shut-in gas from Holland's Groningen field or from North Sea reserves that Norway is slowly developing. Much of their industry is already on interruptible contracts for gas (as are many U.S. factories in the Middle West).

Second, the Europeans make telling points by comparing a Russian gas supplier with an existing OPEC one. "Which is worse," asks executive Folkert Mindermann of West Germany's gas distributor, Ruhrgas, "a 6% [of total German energy imports] dependence on Colonel Qaddafi or 5% on Russia?" The Europeans then cite Algerian, Iranian and Nigerian deals that have gone sour for reasons both economic and political. And they merely smile when American coal is offered as an alternative to Russian gas. If you wish to ship us coal, they ask, why are you cutting back your port modernization and river transportation programs? But mainly they argue that Moscow needs Western hard currency more than the West needs Russian gas, and so could not afford to cut off supplies.

The U.S. now is resigned that the Urengoy gas-line deal will go through. "Pushing to the end to try and stop the pipeline probably would be futile and would also result in a great strain on the [NATO] alliance," announced Deputy Secretary of State Walter Stoessel in March. He added: "It has become clear that whatever attitude we take, or whatever we do, the pipeline can be constructed. The Soviets could do it on their own. It would be costly and result in delay, but it could be done."

Urengoy in Siberia readying gas for Western Europe

Tougher than Alaska, without Alaska's technology.

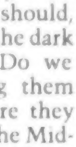
Is the U.S. being shortsighted in dragging its heels? Quite possibly. Is it really in our interest to drive the Soviets economically to the wall? Around $70 billion worth of Communist bloc debt hangs over the Western world's capital markets. Hardliners think some, maybe all, of that debt should be called. But with all those other billions of dollars in loans outstanding to such places as Turkey, Chile, Argentina and Zaire, does the West really want to slash $70 billion out of Western liquidity? In strictly economic terms, interdependence looks intelligent.

The point, of course, is that East-West trade is not about economics. It is about weighing very complex political and strategic risks and rewards. Is trade and Western credit not indirectly financing the continuing Soviet military buildup? Harvard economist and Soviet specialist Abram Bergson is no hardliner, but he says bluntly: "The Soviet Union spends 14% or 15% of its GNP on its military. I see no justification for helping them do that."

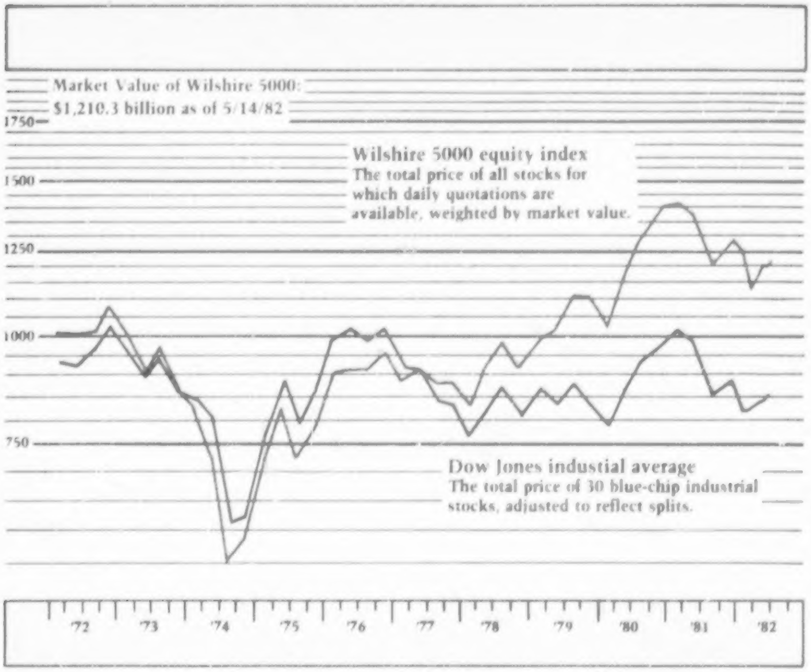
If the premise is accepted—that the civilian economy is a side issue and military expansion the real issue for the Soviet leadership—Bergson's argument is unanswerable. But there is another view gaining ground among experts on the Soviet Union. This theory argues that over the last three decades Moscow has developed a powerful (though not necessarily superior) military force and now feels confident enough to reduce military spending—unless the West pushes ahead again. Says Alec Nove, professor of economics and head of Glasgow University's Institute of Soviet and East European Studies, "I don't believe people who say the Soviet Union is hell-bent on military superiority and global domination. The Russians are in an economic mess. Military spending makes that mess worse, and they'd like to reduce it. But if we feed their paranoia they will spend more at whatever cost to catch up again. The long-suffering Russian people will just have to grin and bear it—bear it, I mean, not grin."

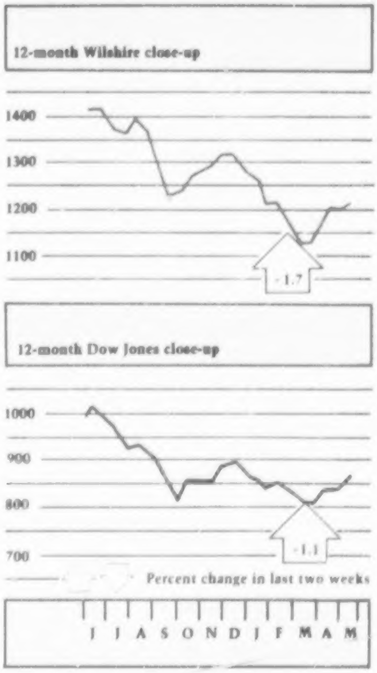
A U.S. State Department official who tends to be pro trade puts it this way: "Do we think we can, or should, keep the Russians in the dark burning whale oil? Do we want to risk forcing them into a situation where they get involved, say, in the Middle East, which by and large they have stayed away from?"

Alec Nove argues that a relatively prosperous Russia would be easier to deal with than a threadbare Russia. President Nixon and Henry Kissinger basically accepted that view; it was called détente. Is that bad? A fundamental principle behind that policy was the age-old American belief that economic development makes for a peaceful world by giving people the possibility of a better life. Progress everywhere has always been in the U.S. interest. "A Soviet leadership devoted to improving its people's lives will find a sympathetic partner in the West," President Reagan said at Eureka. In that spirit it seems worth encouraging the Soviet gas deal as a means of helping the Soviets improve their people's lives. Are there risks? Yes, but even as the U.S. seeks to rearm, it should not back away from taking risks for peace.



The Forbes/Wilshire 5000 Review





Too good to last? Over the past two weeks the overall market, as measured by the Wilshire index, gained 1.7%—or over $20 billion in capitalization. The Dow industrials lagged, up only 1%. The Big Board was up 1.5%, and NASDAQ stocks posted a 1.9% gain. Thanks to rekindled investor interest in energy issues the American Stock Exchange was the biggest winner, up a sharp 3.1%.

The direction of the market focus groups is largely unchanged from our last look. Over the previous six to eight weeks speculative securities have outperformed their more conservative counterparts, often by magnitudes of 2 or 3 to 1. So far it has been a good spring for individuals willing to take these higher levels of risk.

A quick look at the 52-week returns of the focus groups, however, should give investors pause. Over the last year high-P/E issues are off almost 21%, whereas low-P/E issues managed to eke out a 1.2% gain. High-growth stocks lost 7.2%, while low-growth stocks show a 1.2% advance. And while staid high-yield stocks such as utilities show a 6.1% gain, nonpayout stocks declined 3.6%.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.5	1.7	1.3	1.8	3.3
in last 52 weeks	–12.0	–11.8	–10.4	–24.5	–12.5

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.6	1.8	5.4	5.2	1.5	4.3	5.7	2.1	1.1	2.8
in last 52 weeks	–9.3	7.5	–20.9	1.2	6.1	–3.6	–7.2	1.2	–10.3	–5.7

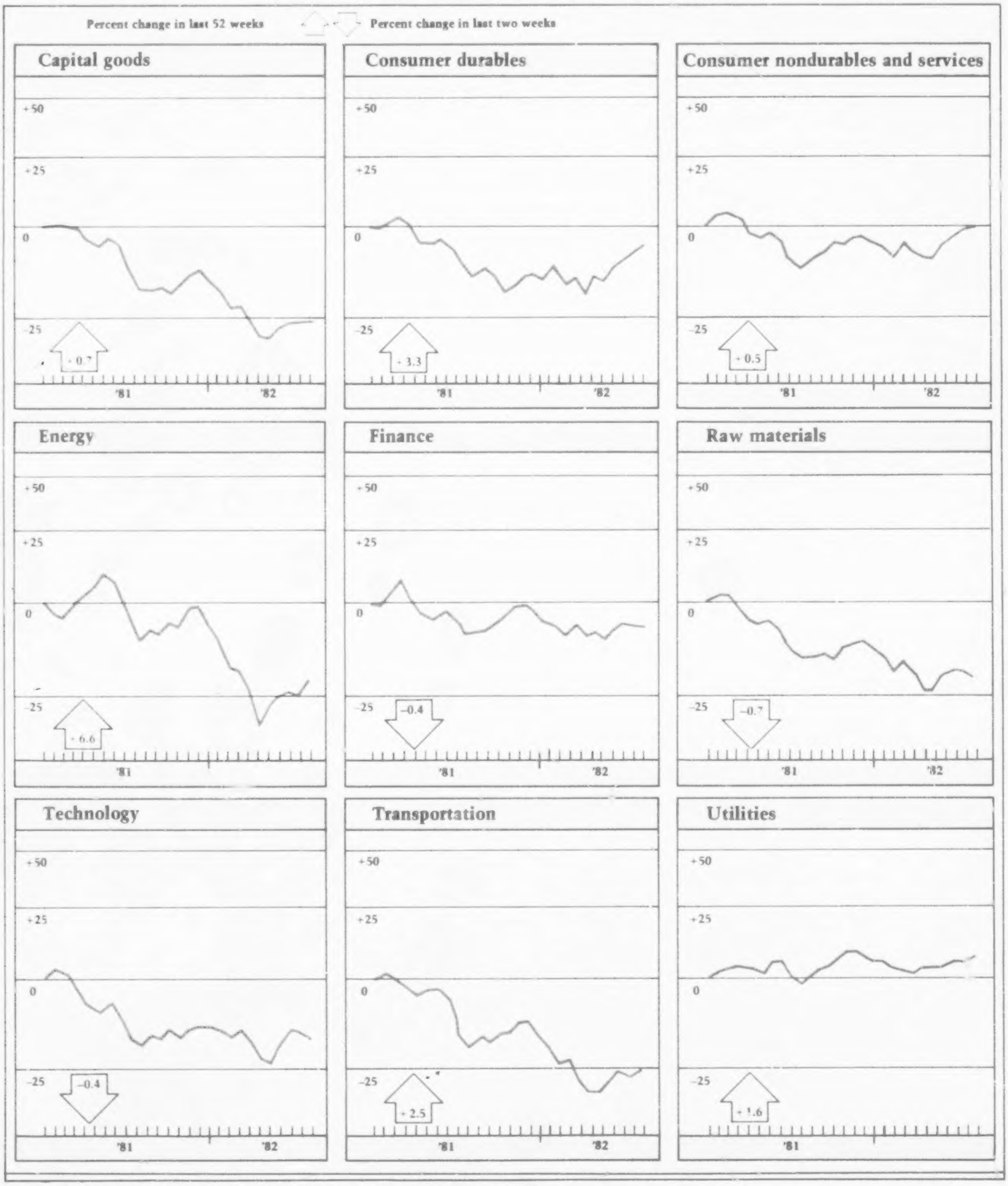
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/14/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Cracks beneath the surface. What with a 1.7% two-week advance in the overall market and sterling performances by several sectors, investors are having a good spring. This time energy blazed the way with a 6.6% gain. Consumer durables, up 3.3%, continued to show strength. And rebounding transportation issues rose 2.5%. But there were some ominous signs. Raw materials lost 0.7% and finance and technology issues both fell 0.4%.

When the market began on its upward track, technology issues became a leading group. Now, some of the sector's recent weakness can be attributed to the sharp drop in Datapoint. But even so, a loss of momentum by these closely watched companies could be a sign that the rally is about to wither away. It will take more than a rebound in oil stocks to bring the market back to where it was 52 weeks ago. The summer may still be long and hot.



Note: All data for periods ending 5/14/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Pioneer, but not for Carret."

There are similarities, though, between the fund portfolios and the private accounts. Phil Carret has been bullish on Southland Royalty for literally decades. Pioneer owns 681,700 shares of the stock at a cost of about $5 a share on an issue that is currently trading around $23, and that doesn't include sizable chunks of the two royalty trusts that have been spun off from the parent.

The funds and Carret's private customers also own quite a lot of Handy & Harman. The Pioneer Fund's cost on the stock, which currently trades around $15, is less than $2.80 a share. Phil Carret is a director of the precious-metals refiner. A plan to liquidate the company fell through last year, but Carret still thinks Handy & Harman is a buy, partly because its inventory of gold and silver appears undervalued even at current prices. Carret has solid company in the person of Warren Buffett, who owns about 17% of Handy & Harman. Carret, by way of reciprocity, is long on Buffett's Berkshire Hathaway. Pioneer 11 Fund has a paper gain of more than $1 million on 2,500 shares of BH that cost it all of $116,000.

Carret and Buffett are philosophical peas in the pod. They are stock pickers whose gospel it is to buy basic value, and buy it cheap. If it were that easy, of course, we would all be rich. The elusive element is judgment. Phil Carret gets some of his ideas from friends around the country who keep him posted on small companies that look good.

Very few of those companies are the high-tech swingers found on almost every computer screen in Wall Street. Yet the Carrets have been doing well with off-beat items like William E. Wright & Co., a producer of ribbons and dress trimmings; and Church & Dwight, which has been producing nothing more exciting than sodium bicarbonate for almost 140 years.

Allen Organ, an unsung producer of electronic organs located in Macungie, Penna., is a typical Carret find: solid earnings power, very little debt, quite a lot of cash and a kicker in the form of some major patents on digital electronic circuitry.

As a stock picker, Phil Carret doesn't worry much about the vagaries of the market as a whole. "All markets are strange and complex, and so theoretically we pay them as little attention as possible," he says.

That can be a mistake sometimes. Carret confesses to "being stuck with some of the oils" for the moment, but thinks they will ultimately come back. He's not saying exactly when, of course, and has no objections to gathering rosebuds while yet he may. Pioneer recently sold off about half its holdings of the much-treasured Southland Royalty at a capital gain of about $14.7 million—and not long after bought right back into the stock again at half the price at which it was sold. There have also been sharp drops in a number of other important portfolio stocks like Federal National Mortgage Association and North American Philips. That doesn't mean too much, though, to a man who has seen almost every major bull and bear market of this century come and go. Phil Carret knows how tough it is to catch tops and bottoms. He is almost always fully invested. "People don't pay us to manage cash," he says. "There is one basic element in our style. We are very patient." ■

Statistical Spotlight

Don't knock the security analysts. Stocks they pick really do tend to go up—but maybe for the wrong reasons.

Self-fulfilling prophecy

By Steve Kichen

When Lawrence Tint, vice president of Wilshire Associates, a Santa Monica-based consulting firm, isn't roaring down the Los Angeles freeways in his Maserati or one of his four other automobiles, he's likely to be working on his pet project. Tint runs Wilshire's Opinion Monitoring Service, which attempts to measure the ability of analysts to anticipate the price movement of the securities they follow. In a recently concluded study he found that stocks favored by research specialists do better than those the pros don't like.

Does this prove that the analysts know their stuff? Not necessarily. It has more to do with self-fulfilling prophecies. Says Tint, "It appears that when analysts recommend a stock, the institutions move it into their portfolios. This pushes up and then supports the price."

Since early last year Wilshire Associates has been using its three Prime computers to monitor the opinions of 200 bank and investment company analysts on approximately 1,200 securities. Based on formulas provided

What's in—and out—of favor

These ten industry groups are at opposite ends of the Wilshire Opinion Monitoring Service. The number indicates how analysts feel about each sector, ranked on a scale of 1 (strong buy) to 5 (strong sell).

Picks		Pans	
Industry	Rating	Industry	Rating
Nonferrous metals	1.70	**Real property**	3.11
Energy and raw materials	2.38	**Business services**	3.24
Construction	2.40	**Travel and recreation**	3.39
Food and agriculture	2.42	**Gold**	3.41
Liquor	2.47	**Conglomerates**	3.46

by the analysts, Wilshire converts buy/sell recommendations for each stock into a number ranging from 1 to 5. The 1s are strong buy, and the 5s are strong sell.

Tint's study tracked approximately 400 stocks—those with six or more analyst opinions—during 1981. Each day he calculated the average rating and split his sample into ten groups, or deciles, ranked by degree of analyst enthusiasm. He then evaluated stock performance of the groups over various time periods. What did he find? That no matter what starting and ending dates he used, the performance variations were significant. Since January 1981, for example, the five highest ranked groups had a total return (assuming reinvestment of dividends) of 4.8%. By contrast, the five least popular deciles declined by 8.7%.

Similar though less dramatic differences exist for middle-ranked groups—stocks in which there is not a clearly defined consensus to buy or sell. In some cases he finds stocks where several analysts are clustered at both ends of the buy-and-sell spectrum. But it's quite unusual, Tint says, to find that much disagreement.

Tint, a Wharton graduate, approaches his work more like a mathematician than a stock picker, but through the data he draws some fascinating inferences about how the market works. Initially, he thought that stocks toward the bottom would tend to move up after analysts upgraded their recommendations. But that doesn't seem to happen. Instead, he found, performance correlates more closely with enthusiasm. Companies the pros like go up; those they avoid go down. "This implies that analysts are influencing the market more than they are predicting it," he explains.

Even though his observations cover a limited period, Tint also draws an interesting conclusion about market timing. Stocks with the highest-ranked analyst recommendations tended to move up and peak at the end of an eight-month period. Tint's interpretation: "After about that much time the stock may no longer be getting strong buying pressure from the institutions."

Besides generating individual sentiment indexes on each company, Wilshire also creates a composite figure for the overall market. Since this number comes from analysts' estimates, it ranges between 1 and 5. Theoretically, a neutral position should be 3. But Tint points out that analysts are more prone to make buy recommendations than sell recommendations. So far, Wilshire's overall sentiment index has tended to fluctuate around 2.5, indicating a slight bullish feeling among analysts.

With only 17 months of data to look back on, it's tough to put that in perspective, but it hardly seems like an optimistic figure. Since May, however, the composite figure has moved to an alltime low of 2.82. "A possible sign," says Tint, "that the bullishness is coming out of the market." If Tint's hypothesis holds, this is near-term bad news for the market.

Tint also notes that it is not at all unusual for today's favorites to be last year's losers. This helps explain the large number of energy issues on the current lists of stocks with the most favorable consensus ratings that begin on page 193. Close to the top is Baker International, a manufacturer of oil-field tools and equipment. Baker shows a total return of –29% for the last 12 months, but now the analysts' chorus says it is time to buy.

The list on the bottom of page 193 contains a group of 20 securities with least favorable average ratings—stocks analysts shun. The bottom section in particular contains several electric utilities. Many of these companies have been in the best-performing Wilshire group over the last 52 weeks, but now analysts apparently expect these defensive stocks to take

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Tint, who has spent most of his 13-year career modeling the stock market, readily admits that if analysts are, indeed, influencing stock prices, his work conflicts with Random Walk theory. "The market is not efficient if the analysts can push it," he explains.

It's very simple, really. When a stock has a high analyst sentiment rating, lots of money managers and investors are saying good things about it. On Wall Street, just as everywhere else, people buy what the salesmen are pushing. ■

The consensus on Wall Street

The 40 stocks below are at the extremes of the 1,200 issues covered by the Wilshire Opinion Monitoring Service. The number in the first column is an average of analysts' recommendations—ranked on a scale of 1 (buy) to 5 (sell). The second column indicates the level of agreement among contributors. The lower the number, the greater the consensus. The third column shows how sentiment has changed over the past three months.

What the analysts love

	Analyst rating				Latest 12 month			
Company/business	average	variance	3-month change	Recent price	EPS	P/E	Yield	12-month total return
Natl Med Enterpr/health care services	1.83	0.98	0.45	15⅜	$1.45	11	2.6%	−31.59%
Royal Dutch Petrol/oil	1.83	0.75	−0.03	36⅞	8.20	4	7.1	5.13
Baker Intl/oilfield services	1.88	0.99	0.13	33½	4.10	8	2.7	−29.39
Warner Comm/entertainment	1.88	0.99	0.29	54⅝	3.96	14	1.8	14.55
Dresser Inds/oilfield equipment	2.00	0.94	0.27	23⅜	4.23	6	3.4	−49.56
Sedco/drilling	2.00	0.82	0.56	34	3.34	10	1.3	−10.33
Superior Oil/oil	2.00	0.82	0.25	34½	2.63	13	0.6	−19.81
American Express/finance	2.10	0.99	0.21	49½	5.64	9	4.4	15.72
Philip Morris/tobacco	2.10	1.20	0.21	52⅛	5.66	9	4.6	5.70
American Standard/building supplies	2.14	0.90	−0.14	27⅜	4.07	7	8.0	−27.62
Eastern Gas & Fuel/energy	2.14	1.21	0.29	20⅞	2.55	8	5.8	−13.70
Advanced Micro-Dev/electronics	2.17	1.17	0.17	25½	0.55	46	—	−8.68
Dover Corp/machinery	2.17	0.75	−0.29	25½	2.83	9	2.6	−19.79
First Charter Financial/finance	2.17	0.98	0.55	11¼	−2.53	NM	6.8	−33.40
Pitney Bowes/office equipment	2.17	0.98	0.00	29⅞	3.98	8	5.4	−0.82
Texas Gas Trans/gas pipeline	2.17	0.98	0.55	27	6.05	4	7.1	−25.51
Tenneco Inc/oil	2.22	1.30	−0.04	28¼	5.38	5	9.2	−30.06
Chase Manhattan/banking	2.25	0.89	0.11	55⅜	13.77	4	6.1	22.93
Joy Manufacturing/machinery	2.25	0.89	−0.36	26½	5.26	5	5.3	−30.94
Waste Management/waste management	2.25	1.28	0.50	31	2.08	15	1.3	−14.04

What the analysts hate

	Analyst rating				Latest 12 month			
Company/business	average	variance	3-month change	Recent price	EPS	P/E	Yield	12-month total return
RR Donnelley & Sons/publishing	4.00	0.71	−0.67	44⅜	$4.25	10	3.2%	17.92%
Amax/natural resources	4.00	0.82	−0.33	26	2.08	13	2.3	−48.25
Cities Service/oil	3.83	0.75	−0.50	36½	2.93	12	4.4	−25.26
RH Macy/retail	3.71	0.95	−0.86	33⅜	3.75	9	3.0	19.65
Southern Pacific/railroad & shipping	3.67	1.03	−0.27	33¼	5.41	6	7.8	−28.05
Owens-Illinois/packaging	3.67	0.82	−0.10	26⅞	4.80	6	6.3	−3.79
Firestone/tire & rubber	3.67	0.82	−0.17	11	1.02	11	5.5	−4.62
Ft Howard Paper/paper products	3.63	1.06	−0.44	37¾	3.15	12	2.9	11.48
Millipore/filters	3.60	0.84	−0.30	21⅜	2.03	11	1.7	−38.77
Yellow Freight Sys/trucking	3.57	0.79	−0.17	13⅛	1.26	10	6.4	−23.87
Williams Cos/fertilizer	3.57	0.79	−0.29	20	2.14	9	6.0	−38.11
Thiokol/aerospace, spec chemicals	3.57	1.13	−0.24	35½	3.24	11	3.1	−1.59
Shell Oil/oil	3.50	0.84	−0.79	37¼	5.46	7	4.8	−7.11
Middle South Utils/electric utility	3.50	0.84	−0.50	13⅞	2.47	6	12.0	32.29
LA Land & Explor/oil & gas production	3.50	0.55	0.10	30⅞	2.86	11	5.8	−15.22
Knight-Ridder/newspapers	3.50	0.93	0.10	33½	2.92	11	2.8	−2.32
Foxboro/electrical equipment	3.50	1.38	−0.33	38⅛	3.92	10	2.7	−0.81
Assoc Dry Goods/retail	3.50	1.22	−0.79	33⅛	4.17	8	5.4	22.50
Tymshare/computer services	3.44	0.53	−0.32	20¾	1.05	20	0.0	−60.20
Sterling Drug/proprietary drugs	3.38	1.19	0.74	24¼	2.22	11	4.4	4.00

NM: Not meaningful

Source: Wilshire Associates

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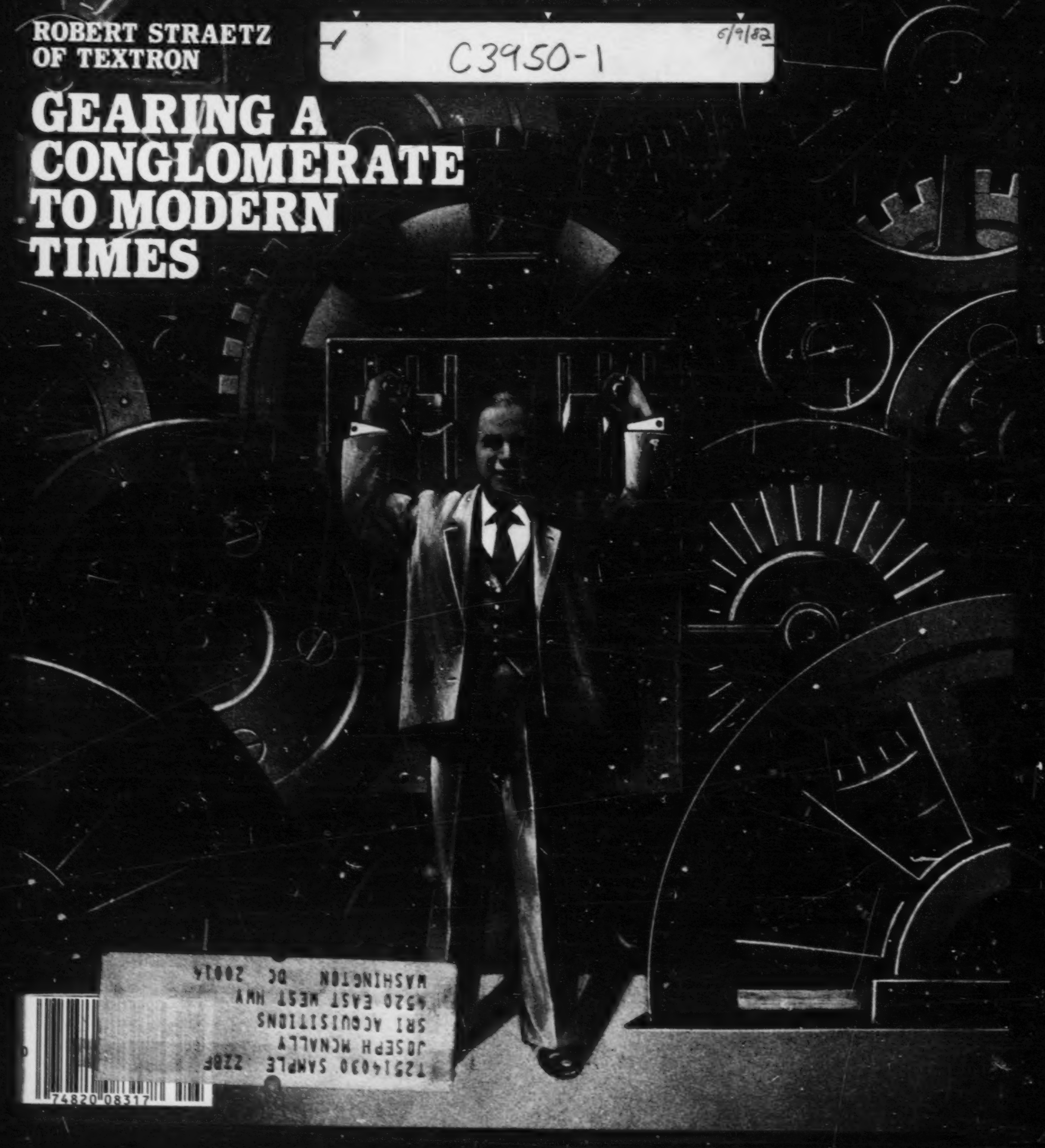

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Forbes

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Number 13

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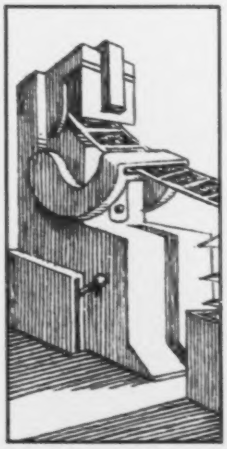

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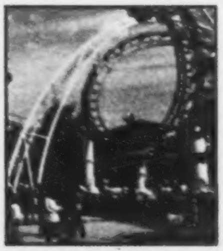

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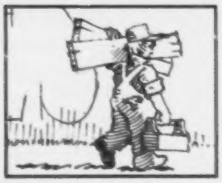

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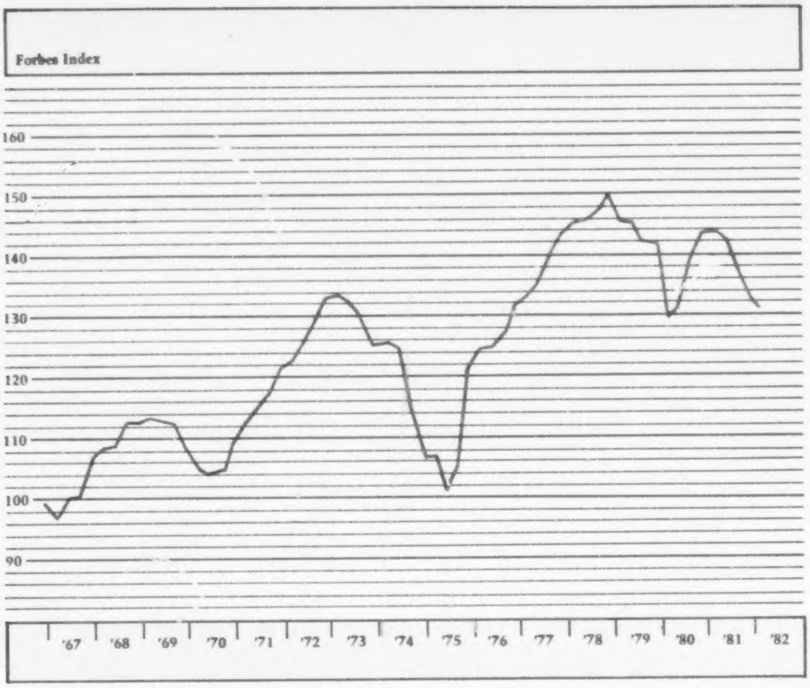
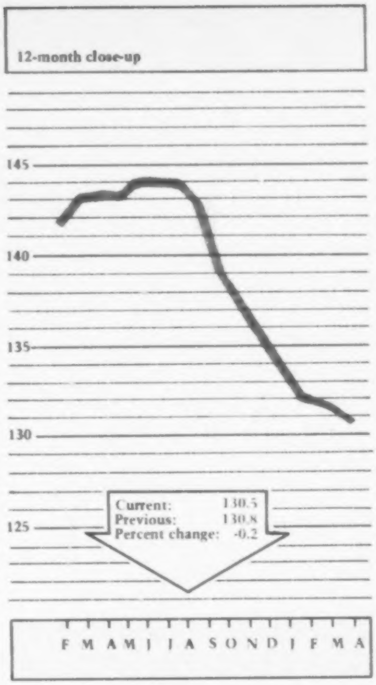
The Forbes Index





Current: 130.5
Previous: 130.8
Percent change: -0.2

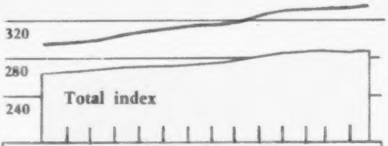
Steady as she goes. The Forbes Index is holding steady, indicating that the recovery is still a long way off. The good news is that the recession is grinding away at inflation. The Consumer Price Index rose a mere 0.4% in April, following an actual decline in March. The April figure translates into a relatively low annual inflation rate of 4.8%.

On the positive side, new housing starts increased again, rising some 6.9%. But that news is less upbeat than it seems. Current starts are some 31.5% below the year-earlier levels. Personal income, meanwhile, fell 0.2% in April. That's further proof that consumers will not be able to lead the way to recovery until after July 1. Then workers will receive a 10% tax cut and Social Security recipients will see benefits rise 10%.

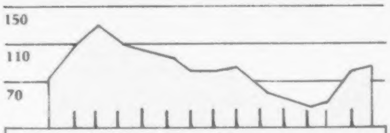
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

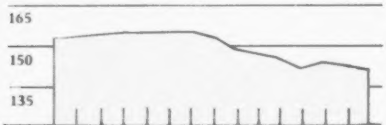
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



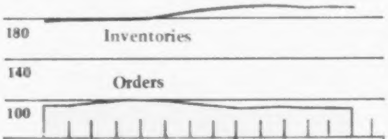
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



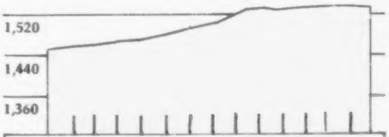
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



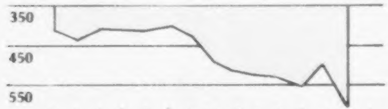
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



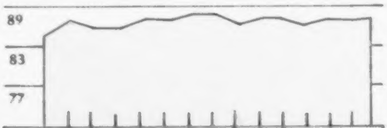
Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



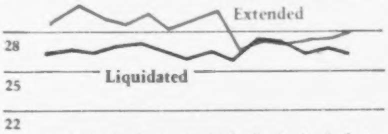
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

Housing starts may be badly flattened by recession, but everyone still wants to jump into the swimming pool.

The American way of recession

By Jeff Blyskal

THERE IS TURMOIL in the Falklands, corporate earnings are collapsing and over 9% of the work force is unemployed. Amid the storm, however, there are safe havens. One of them is the swimming pool business, where the desire for suntanned, water-slicked skins is keeping the $3.5 billion-a-year industry splashingly strong.

Over the past three years housing starts took a half gainer off the high dive, but pool installations rose 9%. Only last year did pool "starts" drop slightly—off 2%, to some 208,000, and so far 1982 demand seems to be holding firm. That strength is unusual because pool starts are normally more closely tied to the direction of new housing activity.

"We're enjoying another record year," says Arnold Greenberg, chief executive of $178 million Coleco Industries, the nation's largest above-ground pool manufacturer. Hartford-based Coleco, which makes everything from $25 Dukes of Hazzard wading pools to $3,000, 41-footers with enough decking for an aircraft carrier, expects 1982 pool sales to reach $75 million, a 15% gain. California-based Doughboy Recreational, meanwhile, is going ahead with a $4.5 million expansion, despite a slight sales decline. And manufacturers of pool-related products, like $2 billion Olin Corp., which makes HTH and Pace pool chemicals, are probably doing best of all: With 4.3 million U.S. swimming pools, there's a lot of algae and water acidity to control, and it costs about $150 a season to maintain a typical pool.

Not everyone, of course, is entirely isolated from broader economic conditions. Demand for in-ground installations is off by at least 5%. Bad, but compare this decline with the 13% backflip in built-in pool construction that accompanied the 1974 recession. When times are bad, the less expensive merchandise sells.

Built-in pools cost at least $7,000, while most families can get in the swim with a respectable-size above-ground Shangri-la for $800—less than the cost of a personal computer.

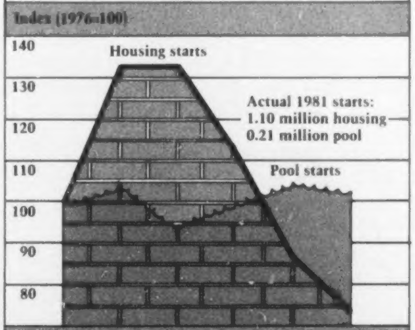
Why are pool sales so buoyant in this recession? For one thing, gasoline prices have made vacations more expensive. "The family that can't afford to go to Cape Cod," says Greenberg, "can afford a pool that provides a lot of recreation for years." Fewer house sales also are an incentive for homeowners to fix up what they are stuck with by adding a pool. Then, too, some folks still have money. "Those who can afford the expensive pools are still buying them," explains Julian Price, who is running 15% ahead of last year in building top-of-the-line in-ground installations in North and South Carolina communities.

If anything has—or will—hurt the pool business this year, it is the cold, wet spring weather. "We were going great guns last week until the weather went cool again," says Bob Ellentuck, president of the seven-store Harrow's pool center chain in New York. "We haven't seen a summer day yet, but when that happens, business will be sensational."

Is a strong pool business amid economic confusion simply recession American style? Some people think so. At $54 million Heldor Industries, for example, sales have more than quadrupled since 1977 and return on equity is nearly 23%. The New Jersey-based company makes built-in pools with vinyl liners, which cost significantly less than concrete installations. "Swimming is like sex and drinking and gambling," says H.J. (Duke) Ellington, Heldor's chairman. "When people are unemployed they're going to do more of it." ■

Splash!

Swimming pool construction usually parallels housing starts—but not in recent years.



Sources: National Spa & Pool Institute; Robert Hoffman, consultant.

Wall Street throws out babes with bathwater. How else explain the beating these great oil service stocks have taken?

Class will tell

By William Baldwin and Toni Mack

WALL STREET HAS BEEN as unbalanced in the oil glut as it was in the oil boom. The stocks of oil service companies have lost half to two-thirds of their value in little more than a year. Such is the passion of crowds. Where the price of oil that fuels the business was once extrapolated to the sky, now it is extrapolated straight to hell.

Forgotten in the rout is that the oil service industry, like any other, has its better operators who manage well through fat years and lean.

Giants like Schlumberger and Halliburton are in this category. So are some smaller outfits with strong market positions. Parker Drilling Co. can drill as far off the beaten track as an oil company wants it to go. Cameron Iron Works' name is synonymous with a basic variety of blowout preventer. Smith International makes more below-the-surface tools than anyone. Rowan Cos. is to offshore drilling what Parker is to land drilling.

All four of these small to medium-size companies are a half-century old or more—no newcomers lured by latter-day oilfield profits. Most, in fact, were pioneering technology for the adolescent industry when H.L. Hunt was trading oil leases in east Texas.

Men like Bobby Parker of Parker Drilling don't get dizzy in the good times; they survived excruciating years like 1958, when rigs went for 10 cents on the dollar. His son Robert Parker Jr., president of the company, puts it this way: "You just can't get scared and run away."

"I'm working for the elite"

In the last decade Tulsa's Parker Drilling has risen smoothly from $3.3 million in earnings to $79 million on $582 million revenues in fiscal 1981. Parker's earnings this year seem sure to rise again; through the first half earnings were up 24%. Today, when a third of U.S. rigs are out of work, 90% of Parker's 138 rigs are running.

Why? Management. Last year, when fledgling contractors leased rigs on short contracts—in the belief that rates would go higher—Parker let only 20% of his fleet go short term. In August he began signing one-year contracts, and around New Year's the rig count started to fall.

It's a family affair, still 21% owned by Parkers. Robert Parker, chairman, bought his father's 22 rigs in 1954, and now his 33-year-old son runs day-to-day operations as president. Back in 1954, though, Parker's father, glum about drilling's future, wanted to get the family out of the business. "He was right for about 15 years," says Parker, a slight, lively man of 58. "I was just young enough to where I didn't know I couldn't do it."

He survived by drilling where no one else wanted to. In 1959 Parker decided to go deep—two to six miles down. The market was less crowded and still is. Likewise, he looked abroad in 1965. Now his lightweight helicopter-lifted and TBA (Transportable By Anything) rigs bore holes from the Arctic to the Sudan, and some 40% of revenues come from overseas.

Parker's magic is in his people. Even though Parker's fleet grew 30% over the last two years, the company has kept most of its well-paid men in a trade in which roughnecks are as fickle as pretty girls at a dance. Parker's accident rate, a measure of inexperience, runs about 20% below the industry average.

There's a lot of talk about "the spiritual realm" at Parker headquarters, and the Methodist Parkers send a company preacher to visit the rigs. Drinking, even off the rig, is nominally (and unenforceably) forbidden; drug users are outlawed.

Naiveté? Buster Trout, a thick-muscled 30-year veteran who runs a Parker rig half an hour outside Chickasha, Okla., doesn't see it that way. During the boom others tempted him with $300 to $500 a day. Ask him why he didn't go, and he's flummoxed for a minute. "Parker Drilling," he finally offers. "They're honest people." His brother, a son and a nephew are also Parker hands. Says his son, "I'm working for the elite."

It's a family business, but it's no club. In the mid-1970s, seeing a few strong years ahead, Bobby Parker retired "the people of my era" and hired men now in their 30s. "If you didn't do that, you'd be a little bit too smug, and say, 'We'll just sweat this one out till the good work comes back,'" he explains. "These young men hustle like mad to show me they can run these rigs in the worst of times." He laughs and slaps his desk. "I love it!" Trust an old hand to see the hazard in experience.

The blacksmith shop

"Hostile environment" is a term that crops up often in the conversation of M.A. (Mike) Wright, 71, chairman of Cameron Iron Works, and his 38-year-old president, Philip Burguieres. Their business is certainly hostile these days: The $929 million (fiscal 1981 sales) Cameron is watching a $1 billion backlog in oil tools evaporate, and recently imposed a hiring freeze. The executives, though, are talking about the harsh drilling conditions their products are designed for. By focusing on this nasty end of the energy market, Cameron has so far maintained operating margins of 25% on its drilling and production wares and a compound earnings-per-share growth rate of 30% over the past decade.

Houston-based Cameron got its start 60 years ago with the invention of the ram blowout preventer, a device that chokes off the space around a drilling pipe when an oil rig hits a dangerous pocket of pressure. Competitors—chiefly privately held Hydril Co. and NL Industries' Shaffer division—have horned in on the market but taken only half of it away. Cameron has steeled itself for the fight by investing in technology. It employs, for example, 32 metallurgists.

In a business that enables drillers of the deepest wells to deal with pressure surges of 20,000 pounds per square inch, metallurgy is key. Cameron can brag about a forging press that, with its

35,000 tons of force, is the third largest in the U.S. and it's a nice toy competitors don't have. Out of it come 2,000-degree-hot billets that will be shaped into oil tools. It's just a modern version of a blacksmith hammering red hot metal to eliminate bad spots.

"We melt our own metal and forge our own oil tools," says Wright. The competition, says Burguieres contemptuously, has to make do with castings. Competitors, of course, are prepared to argue that the best casting is as good as any forging, but the perceived superiority of the latter is enough to give Cameron a slight edge in pricing its products.

And these gadgets do not come cheap. Cameron's smallest blowout preventer lists for $38,965, and a typical drilling rig has several stacked one on top of the other. Cameron also makes "Christmas trees"—the tangle of valves that control flow from a producing well—and other wellhead equipment. It offers an offshore Christmas tree that is buried beneath the ocean floor, so it can't be toppled by an iceberg or fishnet. Cost, about $1.5 million. Burguieres shrugs. "You could lose that in a couple of hours" of a catastrophic spill, he says.

The immediate future for Cameron portends, if not a decline in earnings, at least a slowing of its heady growth. Non-oil-tool lines—a third of the company's business—are also faring poorly these days: seamless pipe for power plants and forged parts for jet engines. But the longer trends, the world's going deeper and offshore—to

Robert Parker of Parker Drilling
Rigs from the Arctic to the Sudan.

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Tarred with the same oil

Such was the stock market's emotional overreaction to prospects of an oil glut—a glut that seems to be vanishing even now—that some excellent oil service companies are selling at distress prices.

			Latest 12-month			Latest fiscal year	
Company	Recent price	—Price range— 1980 to present	earnings per share	P/E ratio	earnings yield	sales (millions)	return on equity
Baker International	28⅝	53½–25¾	$4.10	7.0	14.3%	$2,140	26.7%
Cameron Iron Works	29	67 –24⅛	5.20	5.6	17.9	929	23.7
Dresser Industries	19⅜	57 –19¼	4.23	4.6	21.8	4,615	17.7
Gearhart Industries	16	60¾–15⅝	2.05	7.8	12.8	345	19.8
GEO International	15⅞	46½–15½*	4.24	3.7	26.7	436	37.2
Halliburton	32¼	86⅜–32	5.72	5.6	17.7	8,508	23.2
Helmerich & Payne	18⅞	54⅛–18⅞	3.26	5.8	17.3	288	27.7
Hughes Tool	24¾	48⅝–23½	4.84	5.1	19.6	1,759	24.6
NL Industries	22¾	48⅝–15¾	5.22	4.4	23.0	2,464	33.6
Ocean Drilling & Exp	19⅞	54⅞–17¼	3.45	5.8	17.4	924	27.8
Parker Drilling	13½	36¾–12⅜	3.05	4.4	22.6	582	28.4
Reading & Bates	15⅝	39⅞–11¾	3.14	5.0	20.1	537	22.9
Rowan Cos	10¾	23½– 9⅛	2.74	3.9	25.5	369	27.5
Schlumberger	44⅞	87⅛–40	4.64	9.7	10.3	5,783	33.8
Sedco	32¼	49 –17⅜	3.34	9.7	10.4	385	15.1
Smith Intl	30¾	70¼–28¼	6.29	4.9	20.5	1,194	24.0
Tidewater	22⅛	54⅜–19⅛	3.96	5.6	17.9	354	21.1
Western Co of North Am	11	32⅛– 9	2.30	4.8	20.9	726	29.2

*Price range for less than entire period.

Sources: Wilshire Associates; Standard & Poor's; Forbes

hostile environments—to find energy, run in Cameron's favor. Says Burguieres: "Wells with pressures over 3,000 pounds or corrosive environments where normal steel would disintegrate, or offshore—that's about 25% of the 94,000 wells drilled last year. But it represents more dollar value than all the rest of the wells."

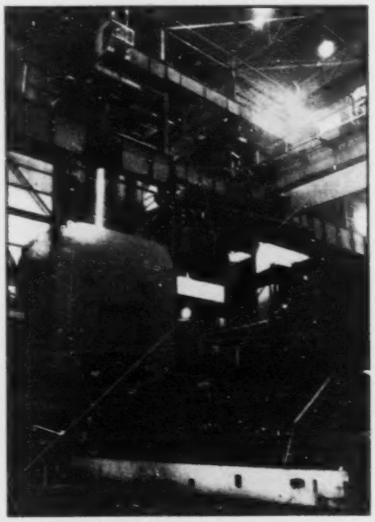
The invader

Jerry Neely, chairman of $1.2 billion (revenues) Smith International, is a pugnacious man. Four years ago he could not find a good-size well stimulation company (one that fractures rock around a well so hydrocarbons flow more easily) to buy at a less than rapacious price. So he simply started from scratch.

It was a gutsy move. Big Halliburton is the granddaddy of the business, and Neely's other competitors range up to ten times Smith's size in revenues. Stimulation, too, is "highly complex, hard to get into," says one competitor grudgingly. "But Smith has made some real inroads."

Neely knows something about chipping away market share—much to Hughes Tool's chagrin. In 1971 Hughes had over twice as much of the drill bit market as Smith. Last year Hughes' worldwide share had slipped to 36%, while Smith's climbed to 31%, by a Paine Webber estimate. What happened? Neely saw that Hughes depended more on technical than marketing prowess. He pushed salesmen into the field, aimed especially at deep and difficult wells that eat bits faster. Now he's pushing the salesmen abroad.

Neely, now 45, married the founder's daughter, but it didn't make him lazy. A University of Southern California graduate in industrial management, he took ten years to work from plant manager to chief executive in 1976. "He's done a superb job," says John Wellemeyer, oil tools analyst at Morgan Stanley. Since 1976 earnings have nearly quadrupled to last year's $133 million, for an 11% net margin.



Cameron's 35,000-ton press at work
A nice toy competitors don't have.

Not all is rosy, of course: Neely may face damages from a patent suit Hughes just won, and his stimulation company probably won't break even, as he expected this year.

Why has he gone after such tough markets? Because Smith's mainstays used to be oilfield commodities, like drill pipe and shock absorbers (called "subs"), that almost anyone with a dream and a bank loan can make. As orders grew during the latest boom, Neely subcontracted some of the work. As orders wane, the subcontractors go. Commodities have dropped from 43% to 31% of revenues in the last five years.

Instead, Neely is busy—too busy for an interview—creeping up on markets not so tied to drilling budgets. He has spent around $65 million so far on stimulation, easing the company into the Rocky Mountains. Two years ago he paid $83 million for McEvoy Cos., which makes devices that control a well's flow. There Smith competes with the likes of Cameron Iron Works.

Analysts are keen on Smith's chances. They predict earnings growth about twice that of its customers. And with long-term debt just 20% of capitalization, Neely—who owns $12 million of Smith's common—can probably mount whatever slow invasions he wants.

It's a big ocean

"One of the majors that has 14 rigs working in the Gulf of Mexico told us they were going to cut back to 4," says Charles Yeargain, the gruff 56-year-old head of Rowan Cos.' drilling division. "Maybe they're overreacting."

Maybe they are. In Yeargain's 35 years at Rowan, the Houston-based contract driller and operator of offshore oil service helicopters, he has seen many an overreaction. Currently he's witnessing what appears to be a classic overreaction on Wall Street, which has run Rowan stock down to half its former high and about 4.5 times likely 1982 earnings.

Sure, the official rig count is off 32% from its December peak. But Yeargain isn't very worried. Here's why: Most of the 1,450 idle rigs are shallow land units, a market Rowan has shunned in favor of deep and offshore work. And that famous rig count measures only U.S. activity. Rowan does more than half its drilling abroad. Last month it towed a rig from the Gulf of Mexico to Trinidad; another rig is headed for the North Sea. The company already is drilling off the shores of Venezuela, Brazil and Indonesia, far from the wave of tax-shelter competition that is making life miserable in the Gulf.

Within the U.S., Rowan's heaviest concentration is on Alaska's North Slope, where the severe environment thins out the competition. "We've got five [deep land] rigs there that are all working and will be working for the rest of the year," says Yeargain.

Rowan's rigs, accounting for all but a tenth of revenues, enjoyed an incredible 49% operating margin last year. Net income was $112 million, on $369 million revenues. Earnings per share have climbed at a 42% annual rate over the past decade.

It's a risky business. A new jack-up rig—one that sits on legs extendable to the ocean floor—costs $40 million. In good times the operator can rent it with crew for $30,000 to $65,000 a day. But an idle rig is like an empty airplane seat: The huge fixed costs impel the owner to take any price he can get. Domestic rental rates for jack-ups could fall 30% over the year, says James Crandell, a Salomon Brothers analyst. Five of Rowan's 34 rigs are now idle. If not for its geographic dispersion and outlandish profit margins, Rowan would be suffering.

With its well-ballasted balance sheet—$437 million equity, $84 million debt—and a long list of Third World coastal nations just catching up to $20 oil, Rowan, it seems, isn't about to sink in the glut. ■

How to change a forecast.

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There's always a hot product in the brokerage business. Now it's stock index futures—a market that is booming beyond its promoters' wildest dreams.

Tired of steak? Buy the sizzle

By Thomas O'Donnell and Ben Weberman

You'll be reading a good many how-tos about playing stock index futures. Invest a few minutes in this cautionary report, which explains that index trading is a zero-sum game in which the only people certain to make money are brokers and trading floor professionals.

WHEN STOCK INDEX FUTURES were introduced three months ago, optimists hoped that by year-end the number of contracts traded would reach 5,000 per day. Instead, that target has already been passed. Today, daily volume on the three exchanges that trade stock futures totals 16,300 contracts. "This could be the most successful financial instrument ever," says Harold Bradley, marketing director for the Kansas City Board of Trade, the first exchange to trade the contracts.

A major reason for this stunning success is that everybody has an opinion on the market, and now there's a well-organized way to put cash behind those opinions. Speculators and hedgers doing so are now generating perhaps $2 million per week in commission income. Should you contribute? Perhaps—but only if you like to take chances and you know what you're doing. Investors who correctly predict the stock market's general direction but buy the wrong index or trade on the wrong exchange can lose big money fast.

Here's why. The Kansas City Board of Trade futures contract is based on the Value Line Composite Average. The New York Futures Exchange, meanwhile, offers the New York Stock Exchange Composite Index. And the Chicago Mercantile Exchange uses the S&P's 500 Stock Index. The last two are weighted indexes, while Value Line is not—and the difference is crucial. The unweighted Value Line index of 1,700 stocks is more volatile than the actual market. Small companies can move the average just as much as blue chips.

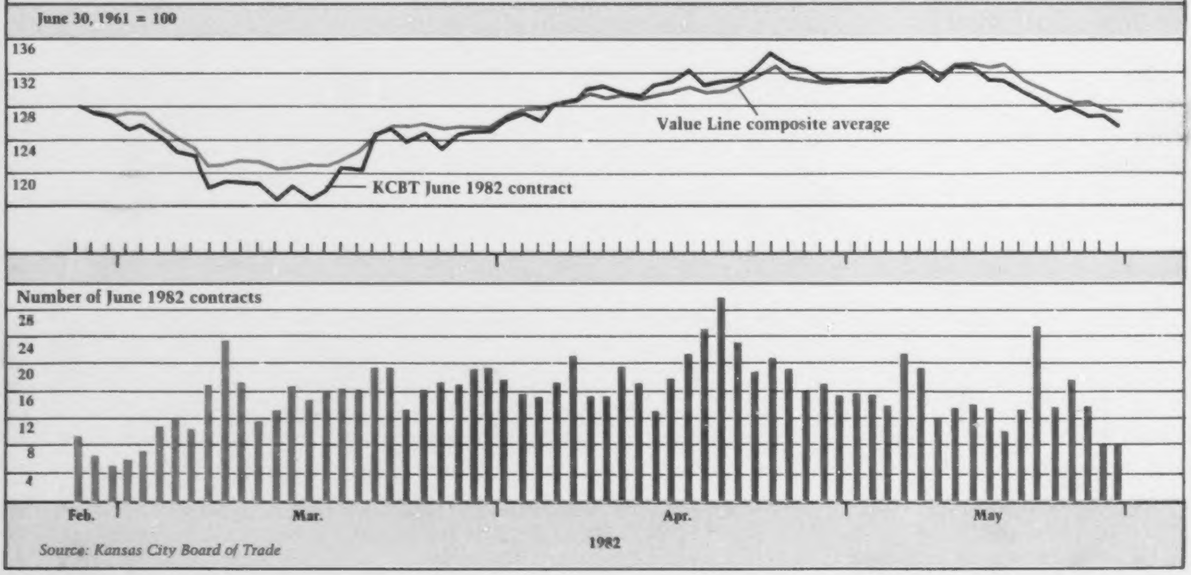
Since newly created futures markets are dominated by speculators, you would think fast-paced Value Line contracts would generate the greatest volume. Think again. Trading on the Kansas City Board has stalled because the Chicago and New York exchanges are putting heavy muscle behind their products.

The key to survival for any futures exchange is liquidity, so that strategy is paying off at both big city exchanges. Volume in New York averages 6,800 contracts per day and in Chicago 7,500 contracts, compared with just 2,000 in Kansas City.

Another reason Chicago and New York have pulled ahead is that the NYSE and S&P's indexes they use are more representative of institutional portfolios. In 1972 and 1976, for ex-

Before the fall

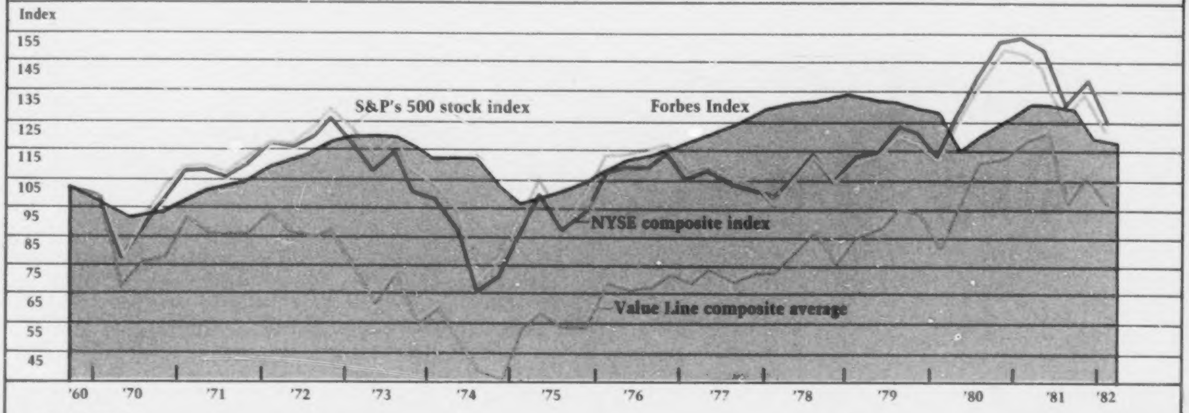
Trading volume for June 1982 Value Line futures has stalled. Meanwhile, the contract has moved below its underlying index. That means speculators—though fewer than before—expect a dip in the stock market.



Source: Kansas City Board of Trade

Which future is now?

As this comparison with the Forbes Index shows, the stock market can be a leading indicator of economic trends. Stock averages—especially the S&P's 500 and the NYSE Composite—reflect investor psychology. The unweighted Value Line index is more volatile. It gives equal play to large and small companies. During a boom investors like the little guys, but when times are tough, they put a higher price tag on blue chips.



Source: FORBES

ample, the Value Line index inched down and the market went up.

No matter which index is involved, the simplest way to use stock futures is to buy them instead of equities. Take the Kansas City contract, which is based on the Value Line average multiplied by $500. Not long ago the index registered 125, making one contract worth $62,500—if it trades without premium or discount. You can buy that for about 10% down, or $6,500. If the contract rises by 13 points, you double your money.

With stocks, margins are 50%—or $30,000 when purchasing shares worth $60,000. Commissions are figured differently, too. It costs about $500 to move in and out of stocks worth $60,000, while $60 to $85 buys a retail round-trip ticket in stock futures. The analysis is simple, too: Just pick the market's direction and buy or sell accordingly.

Some professionals are also using futures as a way to short sell—particularly in a declining market when there is no stock price uptick to get off a short sale of that stock. Suppose, for example, a money manager guessed correctly that the market was peaking on May 7. If he sold S&P's contracts due June 1982, which then stood at 120, he could have pocketed $4,000 on each three weeks later. Why? Because the S&P's average had fallen to 112. The alternative would have been to sell stocks directly, which could have created substantial commission costs and a big tax bite.

The pros are willing to be so innovative for one big reason: In the 1970s the explosive growth of fixed income financial futures acquainted them with commodities. Unfortunately, however, many lost money. They are hopeful that won't happen this time around because stock futures have a big advantage over fixed income futures: They are far less volatile. With fixed-income instruments such as T bills, certificates of deposit, mortgage-backed paper and foreign currencies, speculators can get wiped out by "blips" even if their view of the market is correct. Not so, for example, with the NYSE index. Since it was created in 1965, daily movement has averaged half a point. The largest single-day gains and losses have been just over 2 points, or about $1,000 a futures contract. Even over a month, the NYSE index has never gained more than 5.91 points ($2,955) or lost more than 7.30 points ($3,650).

That stability makes stock futures a good way to hedge. Even unwilling money managers may someday be forced to play the game. "If an institution doesn't hedge and loses big money as a result, it may get sued," says Barry Frost-White, an assistant vice president of ContiCommodity Services, "which could help lead to a rethinking of the prudent man rule." That would make the market more respectable.

Though that stability may attract institutional hedgers, stock futures may actually be too tame for some speculators. There are other disadvantages, too, compared with more rough-and-tumble commodities trading. Recent legislation taxes commodities futures income at the attractive rate of 32%, but investors in stock index futures may not realize that such light tax treatment does not apply to them. Because settlement is for *cash*, stock futures are taxed like securities. Short-term profits are subject to a maximum 50% levy.

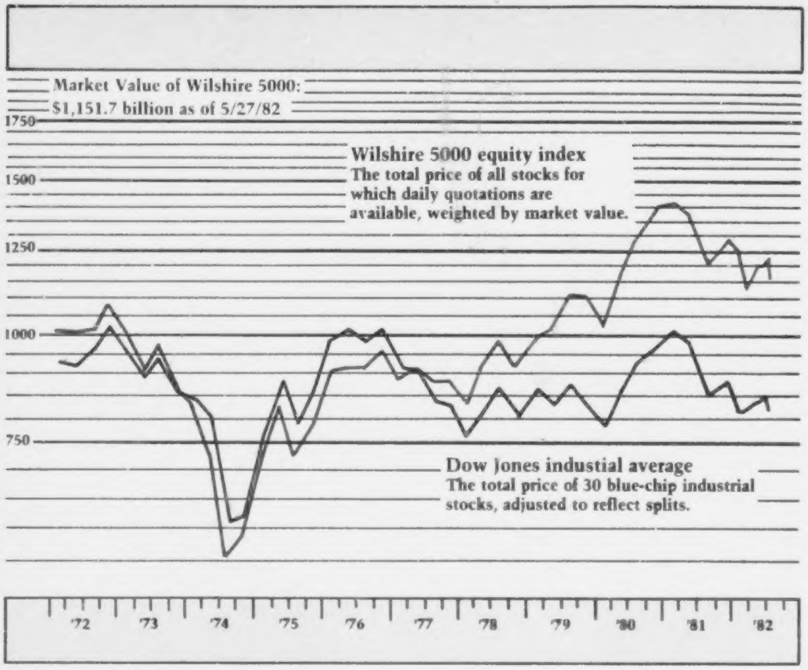
There's another drawback as well. The 10% margin requirement on stock futures is attractive when compared with the 50% requirement for buying equities directly. But it's bigger than the 5% or less applied to other commodities. The comparatively high 10% figure was set by exchanges because they feared the Federal Reserve, which has the power to set margins, might disapprove of lower limits.

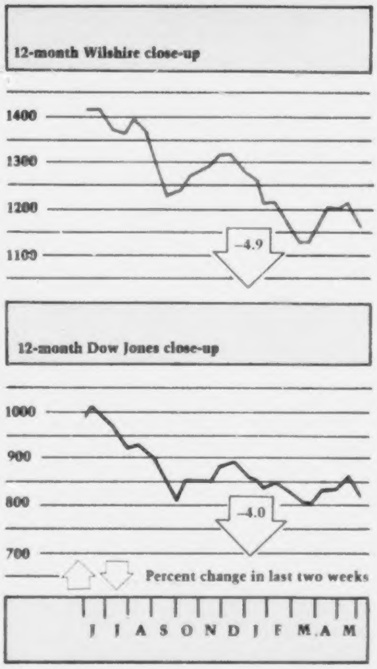
That hasn't happened so far—but if the market grows as rapidly as the brokers would like, there is the possibility of government action. "There are only about 200,000 people who have traded commodities, but there are about 32 million people who own stocks," says Marty Presler, a Smith Barney first vice president. "Imagine the volume if even 10% of them get into this."

Imagine indeed. Playing the futures really is more like a trip to the racetrack than conventional investing. Sure, the ability to hedge positions may be helpful to portfolio managers, but stock index trading does little to help build capital within the economy. That's the essential, almost magical, function of equity markets.

As long as the hoopla in Kansas City doesn't get in the way, fine. But if it does, expect a crackdown. No one likes the idea of the tail wagging the dog. ■

The Forbes/Wilshire 5000 Review





Down the drain: $61 billion. Investors took a beating over the last several weeks—after the market had been making slow but steady progress through most of the spring. From late March to mid-May the Wilshire index gained over $77 billion. But over the last two weeks the Wilshire slipped 4.9%, and more than $61 billion in market capitalization was lost. These declines are distributed fairly evenly among the three exchanges. The NYSE is down 4.9%, the Amex fared slightly better, with a 4.8% setback, and the NASDAQ slightly worse, with a 5% reverse. The four-week picture is similar: The Wilshire index is off 3%, and NASDAQ and NYSE stocks are behind 3.1%. However, Amex stocks showed a little more resilience and lost only 1.9%.

The decline in market focus groups, however, was anything but evenhanded. There was a much stronger exit from more speculative issues. High-volatility stocks fell 3.7%, while low-volatility issues lost only 0.9%. For some strange reason, issues priced over $40 recorded the biggest setback—a 4.1% decline over the four-week period.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	−3.0	−2.4	−3.1	−1.9	−3.1
in last 52 weeks	−18.2	−16.9	−16.4	−30.0	−19.7

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	−3.7	−0.9	−2.4	−0.9	−1.8	−2.6	−2.3	−1.7	−4.1	−1.6
in last 52 weeks	−18.2	4.4	−27.7	−4.7	2.2	−11.2	−15.5	−3.0	−16.7	−11.8

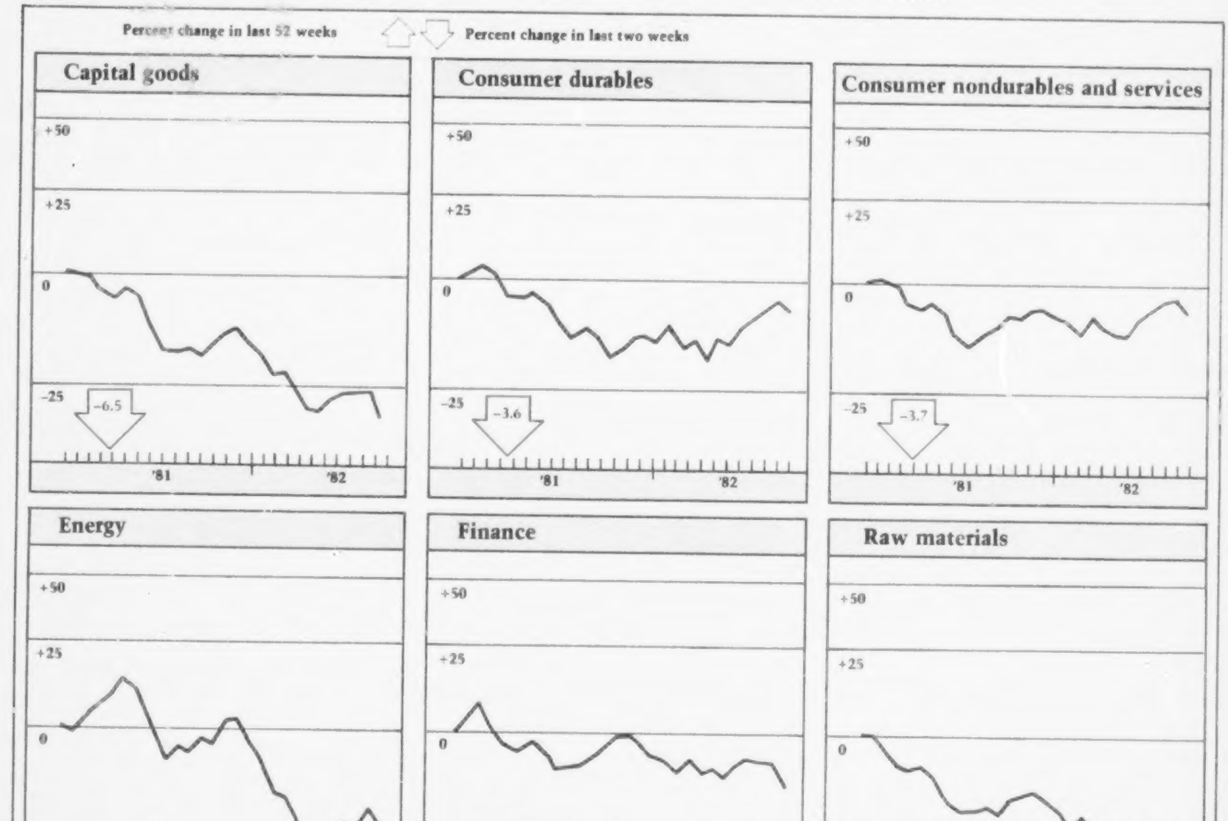
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/27/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Nobody is spared. During the last two weeks the market declined 4.9%. Transportation issues were leaders in the rout, plunging 7.1%. Capital goods and raw materials also had substantial losses, 6.5% and 6.2% respectively. Energy and finance issues, meanwhile, had declines of almost 6%. This time even utilities were unable to buck the market. They were off 2.9%.

The four-week picture is almost as bleak—except that consumer durables and energy stocks had comparatively strong performances at the beginning of the period. Over four weeks, the energy sector is ahead 1%, while all other sectors are behind. This is in sharp contrast to the last 18 months, in which oil-related issues were at the forefront of a bear market. The recent strength of energy stocks also explains, in part, the relatively strong performance of the Amex over the last four weeks.



Note: All data for periods ending 5/27/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

These days plain old profit gains are hard to find. So how about a list of companies whose earnings growth is accelerating?

A tough test to pass

By Steve Kichen

SHOPPING FOR COMPANIES with high rates of earnings growth is old hat to most investors. This time, however, we are using some powerful computer analysis to push the concept to its outer limits.

For starters, we took a standard list of publicly traded companies that have managed to post average profit increases of 15% or better over the past five years. That's an elite enough group, but then we added a few more hurdles. We culled the winners to include only those companies that have accelerated their gains over the past few troubled quarters. What's more, we also demanded above-average five-year and one-year returns on equity and high marks on several measures of relative price performance.

William O'Neil, a pioneer in the art of using computers for securities research, helped us develop the criteria for scanning a broad list of stocks. Back in 1958, O'Neil started his career as a broker, and within five years he had his own seat on the NYSE. But rather than confining his attention to the sales side of the securities business, O'Neil developed a strong interest in collecting, analyzing and interpreting market data.

Over the last two decades William O'Neil & Co., his Los Angeles-based institutional research firm, has built up a data base of more than 7,000 publicly traded securities in 200 different industries. O'Neil draws on this storehouse to develop several statistical products. Large institutional clients are the mainstay of O'Neil's business, and they can buy fat weekly stock reports and customized stock screens. In addition, O'Neil has recently launched *Long Term Values*, a weekly market service aimed at individual investors. It keeps tabs on 4,000 securities and costs $195 for a one-year subscription.

For our particular test, we eliminated firms with a market capitalization of less than $50 million and an average daily trading volume of fewer than 1,500 shares. After screening for five-year, 15% annual earnings growth, we made another cut: Out went companies that haven't managed year-to-year earnings gains of at least 12% for the most recent four quarters.

Stocks that survived these screens then went for the really high hurdles. Earnings for the most recent quarter had to be at least 8% higher than earnings for the same quarter 12 months ago. If that figure seems relatively low, it is—a concession to the fact that even the best businesses are not totally immune to an economic slowdown. Earnings for the next-to-most-recent quarter had to meet a tougher standard. They had to go up at least 20% from the same period one year ago.

Since we wanted to be really selective, we also asked the computers to drop any firm that didn't show at least a 12% return on equity for the last 12 months and a five-year average return on equity of 14% or better. There was one final gauntlet to run: Each company had to pass several "relative strength" screens. These compare the price appreciation of its shares to that of the S&P's 500 over an equivalent period.

O'Neil prefers stocks that are strong relative to the market and particularly likes securities whose relative strength was higher during the last bottom of the market than it was at the previous peak. His logic: If a stock can be strong when the market is slipping, it is likely to do well when the market picks up.

William O'Neil, pioneer in computerized securities research

"In this environment, growth is more important than bargains."

Statistical Spotlight

In order to get on our list, a stock had to have a relative strength of at least 75%, meaning that it had to be among the top 25% in terms of relative price performance.

After all this churning, we ended up with a collection of 27 securities that borders on the bizarre. Our list runs the gamut from Dreyer's Grand Ice Cream to the New York Times Co. Not too surprisingly, there are several high-tech firms and pharmaceutical houses. But a number of retail and food processing companies also made the grade.

Price Co., a West Coast discount chain and NASDAQ newcomer, shows the strongest five-year growth rate of 138%. Healthdyne, a manufacturer of health-care-related electronics, leads the list, according to year-to-year 12-month earning gains. It is up 404% and its earnings in the previous quarter show a 329% jump from a year ago. On the basis of this yardstick, however, First Boston, a securities brokerage firm, leads the pack with a 473% gain. At its present price, First Boston is selling at an earnings multiple of less than 4. It may combine the best of both worlds. But remember, O'Neil likes growth, so a stock isn't attractive to him just because it looks like a bargain.

Since O'Neil is so well plugged into statistics, we also checked his overall assessments of the market. He is no longer as bullish as he was in March 1978. But he does feel that the best stocks have already made their lows. "In this environment I prefer stocks that for the last four, five or six quarters show a strong increase in earnings," O'Neil explains. "A company that has only a 5% or 10% increase might come out with poor numbers next quarter, but if the earnings are up 40% or 50% or so, and it has been sustaining that for the last several quarters, the company is less apt to come in with a bad report."

Right now, O'Neil's favorite companies are those in the consumer sector and small, defense-oriented electronics firms. As for the computer industry, he likes peripheral manufacturers, which he thinks have opportunities to match up their products to all the new computers that have been installed over the last several years.

With his two high-powered computers and a gaggle of bright programmers and analysts, O'Neil has built models of scores of stocks that have been top performers over the last 25 years. Some of his experience went into preparing our list. We aren't guaranteeing these 27 stocks are bound to go up, nor will O'Neil. What we are sure of, however, is that they pass nearly as tough a series of earnings growth criteria as we've been able to concoct. ■

Cream of the crop

From a universe of over 7,000 publicly traded companies, only the 27 corporations below pass through a series of demanding screens. Pay particular attention to the three columns under "% change in earnings." The first, "Latest 12-month" compares earnings in the most recent four quarters with the same period one year ago. "Current quarter" compares the most recent quarter with its counterpart 12 months ago, while "previous quarter" measures earnings one quarter earlier with the equivalent quarter in the prior year.

			—Latest 12-month—		5-year	——% change in earnings——			--Return on equity—	
Ex	Company/business	Recent price	EPS	P/E	EPS annual growth rate	latest 12 month	current quarter	previous quarter	latest fiscal year	5-year average
o	**State Street Boston**/banking	37⅞	$7.08	5.4	65%	20%	28%	70%	12.5%	14%
n	**Anheuser-Busch**/brewing	47¼	5.00	9.5	25	32	55	24	16.7	18
o	**Coca-Cola Btlg Miami**/btlg	42¾	4.60	9.3	23	45	54	25	22.7	20
n	**Applied Magnetics**/comp equip	20¼	1.67	12.1	21	60	80	94	12.2	16
o	**SEI Corp**/computer svs	26¼	1.13	23.2	28	28	29	53	15.9	121
n	**Syntex**/ethical drugs	34¼	3.32	10.3	28	35	50	28	19.7	18
a	**Bolar Pharmaceut**/eth drugs	19⅛	0.69	27.7	40	43	53	31	32.1	36
o	**Electrospace Sys**/electronics	25½	1.24	20.6	52	56	64	94	31.3	32
o	**Federated Investors**/finance	36½	3.70	9.9	125	77	86	152	61.2	57
o	**First Boston**/secur broker	37	9.79	3.8	46	42	113	473	23.3	17
n	**JM Smucker**/food process	38¾	4.91	7.9	17	31	50	34	15.3	14
o	**Bob Evans Farms**/food process	24¾	1.59	15.6	27	13	27	24	21.9	23
o	**Dreyer's Grand**/food process	32	1.25	25.6	79	84	41	146	44.8	39
n	**Baldwin-United**/finance	33⅞	3.98*	8.5	19	59	79	76	24.3	21
o	**Healthdyne**/electronics	27¾	1.16	23.9	74	404	233	329	35.2	27
n	**Omnicare**/health care svs, sup	28⅝	1.93	14.8	72	22	22	24	23.6	NA
o	**Pandick Press**/printing	17⅛	1.59	10.8	47	61	40	43	24.9	20
n	**Diebold**/banking equip	63¾	3.99	16.0	52	68	98	76	15.2	15
a	**New York Times**/news publ	39	4.56	8.6	18	32	54	21	15.9	15
o	**Price Co**/retail	18¼	0.63	29.0	138	54	55	31	43.2	35
n	**Walgreen Co**/drugstores	26½	3.14	8.4	24	14	12	20	16.8	17
o	**Nutri/System**/wgt-loss ctrs	29	2.09	13.9	113	127	108	114	52.0	56
o	**Shop & Go**/retail	7¾	0.93	8.3	33	26	24	46	22.6	23
n	**Kroger Co**/retail	31¼	4.49	7.0	16	26	17	59	14.1	14
n	**American Stores**/grocery stores	39⅜	5.42	7.3	17	32	84	57	14.2	15
o	**C-Cor Electronics**/electronics	21	0.97	21.7	93	185	190	117	23.2	28
n	**Reeves Brothers**/textiles	68⅛	10.69	6.4	19	47	14	47	14.2	15

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. NA: not available. *Fully diluted.

SPECIAL REPORT ON INTERNATIONAL BUSINESS

The 100 Largest U.S. Multinationals

The 100 Largest Foreign Investments in the U.S.

The 100 Largest Foreign Corporations

Forbes

JULY 5, 1982

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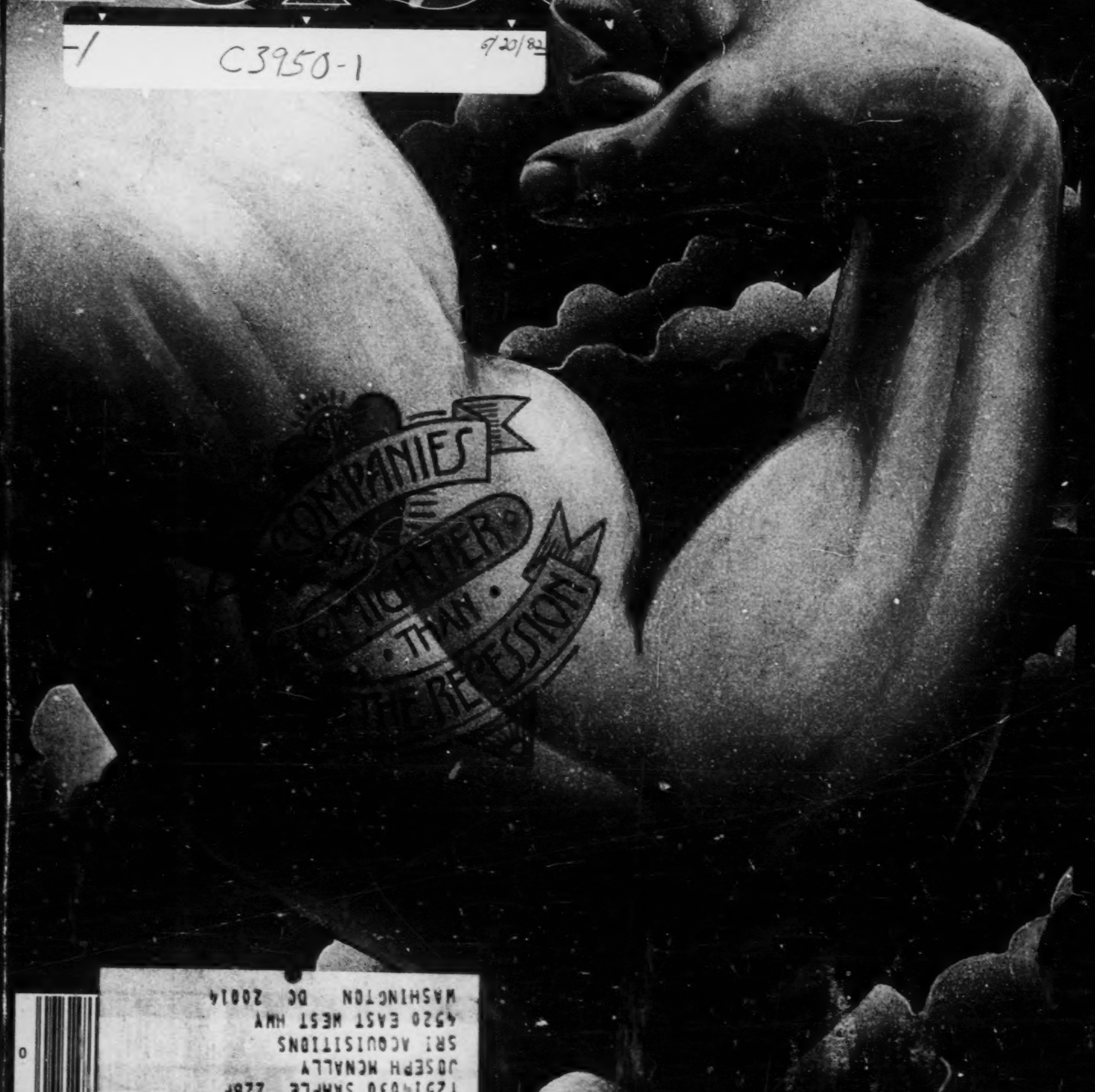
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Forbes

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Volume 130,
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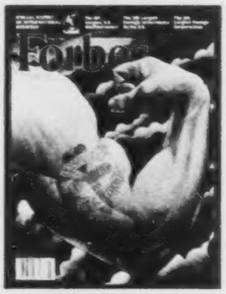

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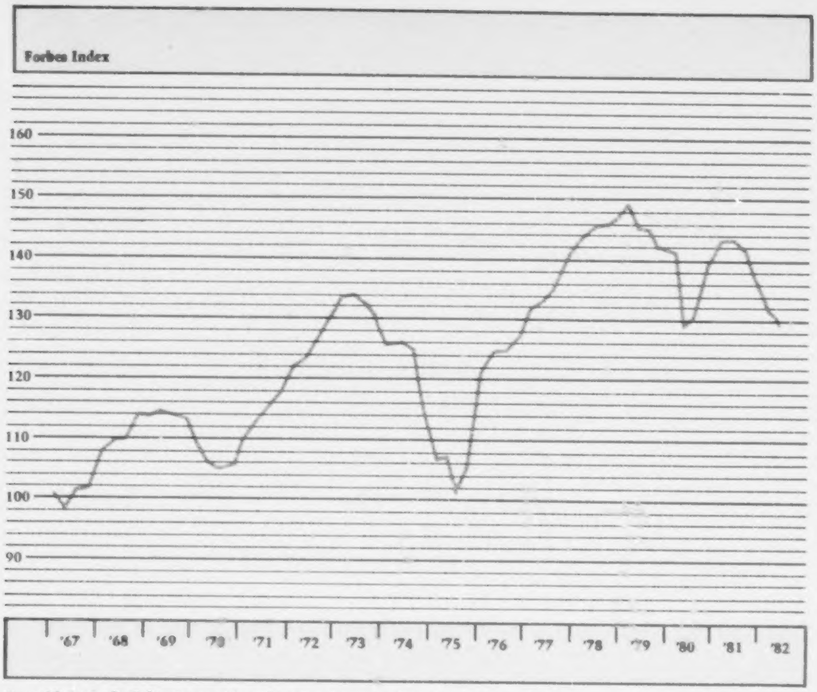
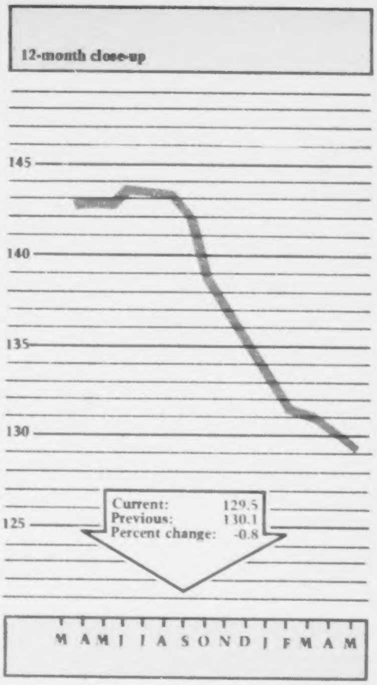
The Forbes Index





Current: 129.5
Previous: 130.1
Percent change: -0.8

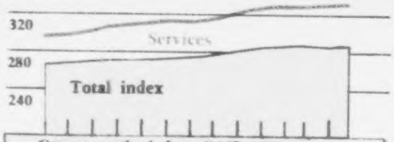
Another sinking spell. The Forbes Index is down slightly, after having held steady for several weeks. The main depressant was manufacturers' new orders, which fell 3.9%. That aside, however, the figures were mixed or even upbeat. Inventories, for example, did not budge at all, while unemployment claims declined by 2.4%.

Lower inflation and increased consumer confidence about the future course of the economy helped push up retail store sales by 1.5%, the third straight monthly gain. Consumers are borrowing more to make purchases, as shown by a substantial 4.4% rise in installment credit. That figure has risen for four consecutive months, even though many households are paying off outstanding debt. It all means that many elements necessary for a midsummer recovery are falling into place. Until interest rates come down, a sustainable recovery will not get off the ground.

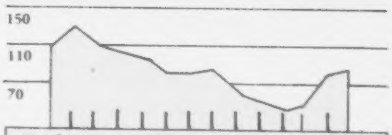
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

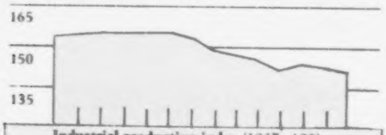
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



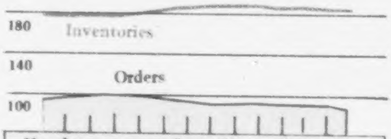
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



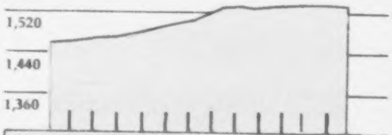
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



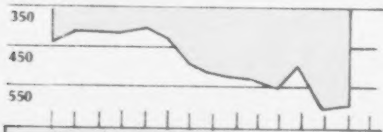
Industrial production index (1967=100)
seasonally adjusted (Federal Reserve)



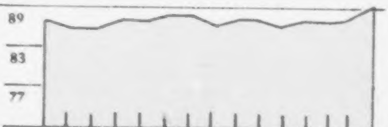
Manufacturers new orders and inventories
($billions) seasonally adjusted (Dept. of Commerce)



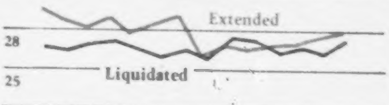
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

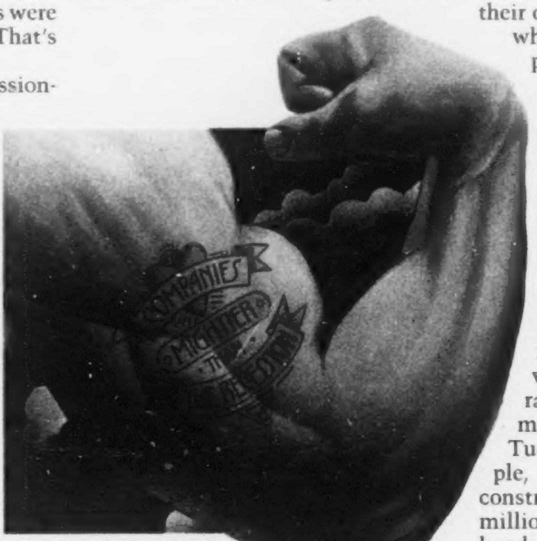
Sure, these are hard times—but not for everyone. Some companies are doing surprisingly well despite the severe slump. What do the recession-beaters have that other companies do not?

Strong-arming the recession

By Thomas O'Donnell with Steve Kichen

IT'S A ROUGH recession, but not universal. Look at the table on pages 103 and 106. Each of the 106 companies listed has managed year-to-year earnings gains of 9% or better for the past five quarters. On average their profits were up 30% over the past 12 months. That's impressive even in boom times.

What's the secret of these recession-beaters? To begin with, there is a sprinkling of high-tech innovators, like Tandem Computers and Wang Labs, and some movers in hot new markets, like Federal Express and Warner Communications. Then there are classic situations, where profits actually pick up as pockets get empty. Examples include such brewers as Anheuser-Busch, which makes Budweiser, and Philip Morris, which makes Miller. It's something called "trading down." People don't have enough money for whiskey so they buy beer. Philip Morris is also getting another boost from the recession: When people worry about the economy they smoke more.



But some consumers don't seem to be feeling the pinch at all. Steady sales of top-shelf labels like Brown-Forman's Jack Daniels and Canadian Mist helped put that company on the list. By the same token, the nation's army of joggers doesn't appear to have slowed its rush to buy high-priced running shoes. Earnings at footwear supplier Nike, Inc. are up 76% over the past 12 months.

Other companies on the honor roll are in those industries that are often considered recession-proof—where demand doesn't react directly to the economy's ups and downs. The food industry meets this criterion perfectly. After all, people have to eat. Refuse also has to be disposed of, so Browning-Ferris and Waste Management are doing well as a result. Health care is well represented on the list, too. In fact, it has been one of the country's fastest-growing industries in recent years. That situation should continue throughout the Eighties.

The majority of the 106, however, fail to fall into any neat category. There are 14 banks, a few capital goods producers, a handful of utilities and even would-be conglomerates, like Rollins and W.R. Grace. In fact, only two generalizations seem to apply. The first is that many of these companies have been lucky. The second—and far more important—is that all of them have made the most of their opportunities. That's the reason why American Home Products, a prosaic baker like Campbell Taggart and a down-home retailer like Wal-Mart meet our criteria.

Good management, of course, isn't easy to quantify, as the three profiles that follow show. But quality seems to rise to the top during hard times. During the past several quarters, nearly all these recession-beaters labored valiantly to conserve cash. With volatile, double-digit interest rates, financing charges can make or break profit targets. Tucson Electric Power, for example, got funds for some long-term construction projects by selling $300 million worth of 7¾% revenue bonds last fall and promptly invested most of the proceeds in high-yield money market obligations.

In addition to detailing past performance, our table also includes consensus earnings estimates for year-end 1982. The surprise here is that Wall Street's prognosticators think that most—but not all—of the companies on our list will continue positive earnings comparisons over the next three quarters. Rapidly dissolving backlogs are hitting some industries especially hard. Gains at oil service companies, for example, will be considerably smaller in 1982 than last year. "Second- and third-quarter results will reflect current reality," predicts New York-based energy consultant David Pohndorf. In 1983 things could get even worse.

Banks, the largest industry group on our list, are also in for a squeeze. Typically, they do well in the early days of a downturn. "Then they get sick while their customers get better," says Morgan Stanley analyst Art Soter, who predicts the rate of earnings gains will slip later this year.

That brings home another point. Even a roster of recession-beaters has its dark side. The bad news is that most of these companies are in service-related businesses rather than manufacturing. In fact, not one representative of traditional smokestack America appears on the list. The fact that basic industry is performing so poorly at the moment is one reason that recoveries have been weak, recessions have been severe and economic growth has been so sluggish in recent years.

Since 1973, service companies—especially retail stores, restaurants, health-care providers and business information specialists—have accounted for more than 40% of all the nation's new jobs. According to MIT economist Emma Rothschild, such employment rose "almost 3 times as fast as total private employment, and 16 times as fast as employment in the goods-producing or industrial sector of the economy."

Try out these statistics at your next cocktail party: Total employment in the automobile and steel industries combined is less than the number of jobs *created* in restaurants and bars since 1973. Overall, the service sector employs nearly seven of every ten working Americans. And, most worrisome, it represents roughly two-thirds of the gross national product.

The problem with this is that service jobs have little multiplier effect elsewhere in the economy. A meal consumed is gone forever. A ton of steel is made into cars, buildings, bridges, refrigerators and heavy machinery. Similarly, professions that deal in paperwork—banking, accounting, law and finance—add little steam to the economy. And during recent years these careers have often attracted the brightest young talent and have filled many top management suites.

For years to come there will be arguments about whether the U.S. should evolve gracefully into a service- and high-technology-based economy or whether—to use a bit of jargon—we must "reindustrialize." Without here getting into that argument, we profile three outstanding recession-beaters. Not every company can be as lucky as they were; but every company can learn something from them.

Walgreen

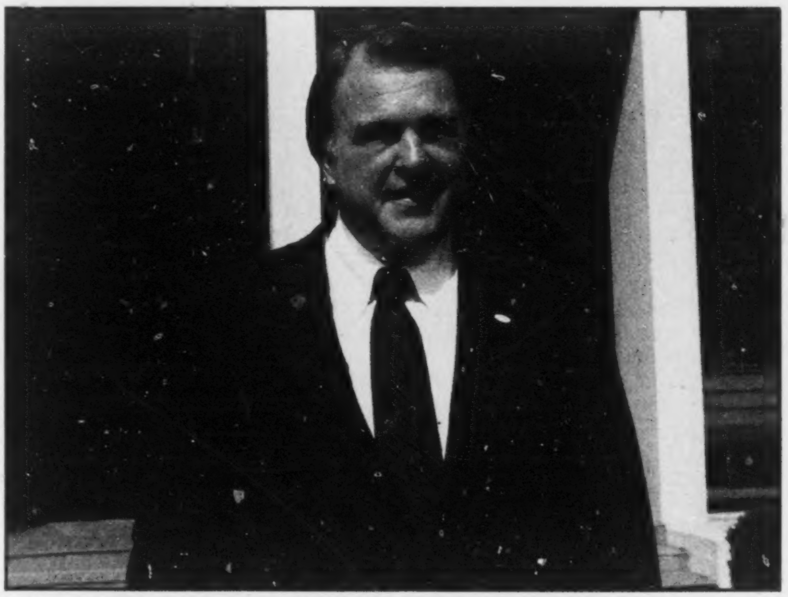
"Just doing what we do best"

The $10 billion-a-year drugchain business, like any other, has its stars. Jack Eckerd made headlines with last year's out-of-left-field acquisition of 151 video equipment stores, now losing money. Until recently, up-and-coming Rite Aid was a regular in the spotlight, with 20% annual sales and earnings growth. Working quietly behind the prescription counter, however, 81-year-old Walgreen Co. is making a new name for itself. Throughout this recession, the company, which earned $42 million last year on revenues of $1.7 billion, has averaged 14.6% earnings gains per quarter. That beats every big competitor.

Conventional wisdom, of course, says pharmacies are recession-proof. But look at the sad performance of Walgreen in 1970, Peoples Drug, Revco D.S., Rite Aid and Thrifty in 1974-75 and Pay 'N Save last year. "Drugstores are recession-*resistant*, not recession-proof," says an analyst at one mutual fund holding 290,000 Walgreen shares and still buying. "To beat a recession, you have to manage the business, and these guys have done that very well, especially with their large midwestern exposure."

The success formula centers on market domination and avoidance of the hinterlands. So most new growth is coming within existing strong locations like Chicago, Houston and San Francisco. "We want to be either number one or two wherever we are," says 46-year-old Charles Walgreen III, the personable though press-shy chairman who succeeded his father in 1977. So far, so good: Walgreen is first or second in 28 of its 34 metropolitan areas.

That provides economies of scale. "When there are enough stores, we add radio or TV advertising," says Fred Canning, chief operating officer. Concentration gives distribution a boost, too. "Walgreen probably has the industry's most modern, sophisticated warehousing," says Dave Pinto, editor of *Chain Drug Review*. Robots, for example, handle less-than-case-load shipments at a rate of 900 items per hour, *vs.* the 110-per-hour limit of human hands. Good management has cut Walgreen distribution costs by



Walgreen Chairman Charles Walgreen III

Recession-resistant or not, you still have to manage the business.

32% in the last five years despite rising transportation costs.

Allowing store managers a say in what they put on their shelves—a departure from the industry's cookie-cutter norm—has kept Walgreen more closely in tune with its customers. "Someone in Chicago used to just push a button and lawn chairs would be sent to every Walgreen store in the nation," says Robert Bolger, president of the National Association of Chain Drug Stores. Now Revlon Ultima perfume, for example, may be in only 300 of Walgreen's 872 stores. Managers, who get sales and profitability bonuses, know what will or will not move in their locations.

These days recession is not the industry's only hard-to-swallow pill. There is increasing competition among chains as well as from supermarket pharmacies. Then there are the vagaries of illness and weather. According to Phoenix-based Pharmaceutical Data Services, the number of prescriptions filled so far in 1982 is down 4%. "This was not a strong cough-and-cold season," explains PDS' Mike Smith, and bad weather kept customers home. Still, Walgreen has managed to fill 30% more prescriptions year-to-year in 1982.

That's ample evidence of the company's current vitality—a considerable change from the past. "Walgreen used to want a store in every state regardless of profitability," says Goldman, Sachs' Miriam Cutler. However, Walgreen, grandson of the chain's founder, and Fred Canning changed that practice. They learned from A&P's experience as jack-of-all-markets-but-master-of-none, and consolidated the store base. In 1980 Walgreen ended its private-label product sales to 1,800 independent druggists—a distribution headache that never made much money.

Walgreen today will try new ideas, but also cuts losses early. For example, the drug chain quickly uncoupled from a joint venture with Schnuck's Supermarkets. "The combination store was good for Schnuck's because drugs raised their low food margins, but it didn't help us at all," says Walgreen. Now, however, he is experimenting with several small convenience food departments with relatively high margins.

Walgreen's success in troubled times is really not that complicated. "We're just doing what we do best, running drugstores, and we're going to stay right where we are," says Charles Walgreen. Take note, those who think costly diversification can solve basic problems.—**Jeff Blyskal**

Browning-Ferris

Cleaning up

Harry Phillips, chairman of Houston-based Browning-Ferris Industries
Scraping even more pennies from those ubiquitous blue trash bins.

The nature of the beast, admits Chairman Harry Phillips of Browning-Ferris Industries, has a lot to do with his company's health. "We can't take all the credit by a long shot," he says. "We happen to provide an essential service."

What he means is that his customers can't hoard their rubbish until the recession goes away. Browning-Ferris hauls away the garbage—as innocuous as a subdivision's table scraps or as poisonous as chemical wastes—for 260,000 customers worldwide. Business has been good: Earnings rose 41%, to $48.5 million, on revenues of $661 million at its Sept. 30 year-end, and earnings in the first half of fiscal 1982 are up 35%, to $28.7 million, on a revenue gain of only 11%.

Why? Phillips, 52, is Mr. Efficiency. The chairman of the American Productivity Center sits on his board, and Phillips himself, though he dropped out of the University of Mississippi after just a year, sounds like a professor on the subject. "Your costs in this business are associated with time," he expounds. "If it costs $42 per hour to operate a garbage truck, and if you have enough market share to make a stop every 7 minutes instead of 15, then your cost per stop drops from $10.50 to $4.90."

For all the textbook talk, Phillips knows how to put his words to work. "It's much more practical to give people a reason to be more productive, rather than just asking them to be," he notes. Accordingly, a garbage truck driver is paid not by the hour, but by the number of stops he can squeeze into his day. Other cost-cutters: Drivers get extensive safety training, since insurance costs sop up nearly 3% of revenues. Phillips keeps a close eye on industrial price indexes to make sure Browning-Ferris doesn't pay more than necessary for truck parts, fuel and the like. Studies decide which truck components, like engines and gear ratios, are best for which markets—flat terrain, say, versus hilly, or long highway drives to the landfill versus stop-and-go routes.

In short, Phillips overlooks no chance to coax a little more profit out of Browning-Ferris' ubiquitous blue trash bins. This isn't a recession-born policy either. Since 1977 the company's operating margin has grown steadily from 30.9% to 35.8%—progress that adds about $35 million to present operating profits.

Founded in 1966 by an accountant disgruntled over poor garbage service in his neighborhood, Browning-Ferris grew at first mainly by buying smaller companies across the country. By the mid-1970s, says Phillips, who came to Browning-Ferris in 1970 when his five companies were acquired, it was time to seek economies in those new markets, especially by adding customers.

As revenues doubled in the past five years, Phillips more than quadrupled the sales force to over 400.

That helps during the recession. Salesmen are expected to bring in 80 to 100 net new customers yearly, so when old customers cut down collections, new customers fill up the routes and then some. Says Phillips, "We'll use productivity gains to counter rising costs," keeping Browning-Ferris' prices low.

In this rough trade a few points of market share can mean the difference between profit and loss—between 15 minutes per stop and 7. Not surprisingly, some competitors use dubious means to muscle their way to market saturation. Mob influence has long been a feature of the New Jersey garbage business, for example. Hazardous waste disposal has also seen its share of villainous corner-cutting. An Atlanta subsidiary (with less than 1% of total revenues) is charged with market allocation at present, but Browning-Ferris has come through a few similar suits in the past without a whiff of scandal.

But the stench of old garbage keeps it strong, even in financing. With a hand from the cities it serves, a third of Browning-Ferris' $115 million debt is financed through low-cost municipal revenue bonds. Phillips has also been paying down high-cost debt, partly from last year's $35 million stock sale. Interest expenses have dropped from $7 million to $2 million in the first half of fiscal 1982.

Meanwhile, Browning-Ferris has been developing new markets, like joint ventures to build a garbage-to-energy plant on Long Island and to take out Riyadh, Saudi Arabia's trash for the next five years. Phillips is naturally looking to the long, well, haul.—**Toni Mack**

Fischbach Corp.

"We're just the prettiest"

As the nation's largest electrical and mechanical contractor, Fischbach Corp. boasts such diversity—in terms of products and geography—that it is able to weather the worst economic cycles. Even as competitors like Cento Industries of Texas go bankrupt, Fischbach's profits for the six months ending in March have climbed 20%, on a 23% increase in sales. Last year the company took in $1.1 billion in revenues. Return on equity is 17.6%.

Fischbach's secret isn't hard to discover. For one thing, the company enjoys great economies of scale in an industry that is swarming with small, undercapitalized firms. And Fischbach's size also enables it to snare the bigger, higher-priced contracts. Not that the margins are necessarily any better, but in tough times this high end of the business tends to be less competitive. A small construction contract—worth, say, $3 million—may attract a dozen bidders, while a $10 million contract will typically draw only three.

Even though Fischbach is big, CEO Alfred Manville runs a lean, highly decentralized company. That gives him the flexibility to go where the business is—and in construction that's never the same place for long. When office construction slows, as Manville concedes it is already beginning to do, his big cranes can swoop easily into transportation or defense-related work. "Fischbach is adroit. When opportunity dries up, they are able to quickly move someplace else," says Robert Andrews, an industry consultant. Most competitors by contrast are regional firms that stay put.

One sign of Fischbach's strength: Last quarter the company posted a record backlog of about $1.9 billion, as a result of strong industrial and transportation demand. "That should carry us through 1983, at least," Manville says.

Being in the right place at the right time, of course, isn't everything—you still have to win the bid. "We're just the prettiest," says the 64-year-old Manville, with his characteristically bemused smile. Analysts say that's not false bravado. "They're the best in the business, so when work comes up they get it," says Stanley Fishman, who follows construction for Fahnestock & Co. Fischbach's reputation rests with its 100-odd branch officers. They decide which jobs to bid, and have a free hand with contracts under $8 million.

They hold firm on pricing. "If we can't get a fair markup, we won't take the job," Manville says. With discounting common during this recession, that effectively means turning away work. Manville speaks with disdain of his fellow construction contractors who price their bids so low that they don't figure overhead costs into each job they do. "That's suicide," he says.

Luck helps beat the recession, too. Some good guessing on interest rates has improved Fischbach's balance sheet. In mid-1980 the company had $60 million in short-term debt—something that would be "a great burden today," Manville says. In October 1980, however, he issued $30 million in 25-year debentures, paying interest of just 8.5%. Those savings boosted earnings by 90 cents a share last year. Since he was able to cull another $30 million from operations, short-term

Fischbach's Alfred Manville

"If we can't get a fair markup, we won't take the job."

debt is now all but eliminated. Long-term debt is a manageable 30% of capital.

For all that, Fischbach has always kept a low public profile. With 32% of its stock held by institutions and another 25% controlled by Victor Posner, the trading is thin. Last fall Manville tried a small corporate advertising campaign. "I wanted to see if this would make us better known," he explains. Did it? "Not particularly," he smiles, as he rocks slowly in his black leather chair.

Can Fischbach keep going strong for the duration of the recession? Right now the consensus on The Street is that 1982 earnings will be down slightly, but some analysts are predicting gains of perhaps 8%. Manville, who thinks that The Street may be "too pessimistic," still predicts no earnings decline. Not, of course, that Fischbach will be able to buck a weak economy indefinitely. "If everything goes to hell, then everything goes to hell," Manville says.—**Barbara Rudolph**

Light on their toes, fast on their feet

In each of the last five quarters these 106 corporations—all FORBES 500 companies either by sales, assets, profits or market value—have posted 9% or better year-to-year increases in earnings from continuing operations. We eliminated turn-around and cyclical situations by dropping those firms that had a falloff in 1980 earnings. To get a handle on the future, we also added the consensus earnings estimates provided by the International Brokers Estimate Service. As the numbers show, security analysts expect most of these companies to keep on growing at least through 1982. Note, too, that a number of these stocks are now selling toward the low end of their 1980-to-present price range.

Company/*business*	% change in earnings		Earnings per share			P/E	Stock price	
	latest 12 months	1982E vs 1981	latest 12 months	1981	1982E[1]	ratio[2]	recent	range 1980 to present
Abbott Laboratories/*health-care prods*	16%	18%	$2.08	$2.01	$2.37	14	28¾	32¼–17⅛
Albertson's/*grocery stores*	23	13	3.34	3.14	3.55	9	28½	29¾–16½
Allied Bancshares/*banking*	33	18	3.19	3.02	3.57	7	23½	34⅛–11½
American Home Prods/*proprietary drugs*[3]	13	13	3.30	3.18	3.59	11	35⅛	38¼–21⅜
American Intl Grp/*insurance*	20	18	6.29	6.02	7.12	10	62	71¼–32½
American Med Intl/*health-care svs*	33	43	1.89	1.60	2.28	10	19	32¾–12⅜
Anheuser-Busch/*brewing*	32	13	5.29	4.79	5.43	9	49⅛	51 –21
Apple Computer/*computer equip*	105	59	0.88	0.70	1.11	15	13⅛	34½–12¾
Automatic Data Process/*computer svs*	19	16	1.66	1.51	1.75	15	24½	31¾–16¼
Baker Intl/*oilfield services*	55	29	4.10	3.36	4.35	6	25	53½–23¾
Baldwin-United/*finance*	59	52	3.98	3.87	5.88	7	29½	36¼–11⅞
Banc One Corp/*banking*	13	11	5.15	5.01	5.55	8	42¾	42¾–16⅝
Barnett Banks Fla/*banking*	14	9	3.55	3.44	3.75	6	20	29⅝–11⅛
Bristol-Myers/*proprietary drugs*	13	16	4.75	4.58	5.29	11	53¾	59⅜–30½
Brown-Forman Distillers/*distilling*	31	29	3.32	2.65	3.42	10	33¾	38½–17¼
Browning-Ferris Inds/*waste mgmt*	30	25	2.77	2.47	3.09	11	30⅛	37⅜–12¼
Cameron Iron Works/*oilfield services*	67	52	5.20	3.62	5.50	5	26¼	67 –24⅛
Campbell Taggart/*food processing*	14	14	2.56	2.50	2.85	9	23¾	25¼–13¼
Capital Cities Comm/*broadcasting*	14	14	6.24	6.12	6.97	12	73⅛	80½–40
Citizens Fidelity Corp/*banking*	17	11	2.98	2.89	3.21	6	18⅝	22⅜– 9⅝
Columbia Gas System/*natural gas*	19	5	5.98	5.50	5.77	5	30¾	47 –27⅞
Combustion Engineering/*machinery*	45	14	5.35	4.45	5.08	5	26⅛	54¾–23⅝
Commerce Clearing House/*publishing*	37	16	3.65	3.20	3.72	14	52¾	59½–24
Computervision/*computer equip*	42	18	1.31	1.30	1.53	21	27⅞	49⅜– 9¼
Consolidated Foods/*food processing*	16	12	5.15	4.67	5.23	6	31¾	36⅛–19¾
Cooper Industries/*oilfield equipment*	51	10	6.15	5.41	5.96	5	28⅜	62 –28¼
Dillon Cos/*grocery stores*	42	16	2.72	2.28	2.65	8	22	25¾–12¼
Dover/*machinery*	33	16	2.84	2.69	3.13	7	20¾	33 –15⅜
Dun & Bradstreet/*publishing*	18	18	4.49	4.33	5.10	15	67¼	72½–34¼
Electronic Data Sys/*computer services*	24	22	1.62	1.39	1.69	17	27¾	29¾– 9⅜
Enserch/*nat gas, oilfld svs*	16	10	3.46	3.55	3.89	6	19⅛	40 –16¼
Farm House Foods/*food wholesaling*	88	NA	0.75	NA	NA	6	4⅜	8½– 2¼
Federal Express/*package delivery*	48	29	3.65	2.89	3.72	12	43½	72¼–19½
Fidelcor/*banking*	57	7	5.34	5.22	5.61	4	23¼	30½– 8⅞
First Executive Corp/*insurance*	40	NA	1.16	1.12	NA	8	9⅝	12¾– 2⅛
First Oklahoma Bancorp/*banking*	17	13	3.37	3.27	3.70	6	21¼	26½–12⅛
Fischbach/*construction*	32	–8	7.12	6.59	6.07	5	34½	42 –21¾
SM Flickinger/*food wholesaling*	16	NA	3.36	3.09	NA	5	17¾	21½–10
Flightsafety Intl/*high-tech training*	35	17	1.39	1.31	1.53	17	24¼	33½–10½
Fort Howard Paper/*paper products*	18	14	3.15	3.08	3.52	11	35	43 –17⅞
General Instrument/*electronics*	11	39	3.01	2.49	3.47	11	34⅛	46¾–12¾
General Re/*insurance*	15	16	8.50	8.13	9.43	9	79⅝	90⅛–37½
Geosource[3]/*oilfield equip, svs*	46	29	4.95	4.06	5.22	8	41⅝	65⅞–21
Global Marine/*oilfield services*	66	35	3.01	2.61	3.53	4	11⅞	36½– 8½
WR Grace/*chemical*	37	13	8.83	6.85	7.74	4	34⅞	63½–32⅝

[1] Source: Institutional Brokers Estimate System; Lynch, Jones & Ryan. [2] Latest 12 months. [3] Tentative agreement for remaining shares to be acquired by Aetna Life & Casualty. [4] Formerly Republic of Texas Corp. E: Estimate. NA: Not available

Principal Source: William O'Neil & Co.

Light on their toes, fast on their feet

Company/*business*	% change in earnings: latest 12 months	% change in earnings: 1982E vs 1981	Earnings per share: latest 12 months	Earnings per share: 1981	Earnings per share: 1982E[1]	P/E ratio[2]	Stock price: recent	Stock price: range 1980 to present
Heublein/*food & alcoholic beverages*	15	12	4.58	4.09	4.60	8	36⅜	41¾–23⅝
Hospital Corp of America/*health care svs*	30	34	2.44	2.23	2.99	11	28	50⅝–17⅞
Houston Natural Gas/*natural gas*	17	15	6.52	5.94	6.85	5	34¾	63¼–32⅝
Hughes Tool/*oilfield equipment*	59	12	4.84	4.60	5.17	4	21⅝	48⅝–20⅝
Humana/*health-care svs*	48	38	1.88	1.55	2.14	12	22⅛	32⅜– 9⅜
InterFirst/*banking*	25	12	3.90	3.76	4.22	6	21¼	32⅛–16⅜
Joy Manufacturing/*construct, mng mach*	52	17	5.26	4.48	5.24	4	21⅜	42⅞–18
La Land Offshr Exp/*oil & gas exp & dev*	36	NA	1.14	1.09	NA	6	6½	15½– 5¼
M/A-Com/*telecomm equip*	22	17	1.12	1.07	1.25	18	19⅝	35½– 9⅞
MCI Communications/*telecommun*	906	74	1.81	1.81	3.15	22	39⅜	39⅝– 4½
Marriott/*hotels*	19	17	3.30	3.21	3.77	11	36	47 –16⅜
McDermott/*oilfield equip, svs*	163	119	4.98	2.07	4.54	4	20⅝	46⅝–19⅛
McGraw-Hill/*publishing*	13	14	4.04	3.94	4.50	13	50¾	56 –24¼
Mercantile Texas/*banking*	23	10	4.05	3.89	4.29	6	22½	36⅜–12⅜
Morton-Norwich Prods/*household prods*	22	12	4.34	3.90	4.36	8	33⅝	39⅞–21¼
NL Industries/*oilfield services*	86	16	5.22	4.69	5.46	4	20¼	48⅝–15¾
National Medical Ent/*health-care svs*	29	25	1.45	1.24	1.55	9	13⅝	28¾– 8⅛
AC Nielsen/*publishing*	23	22	3.54	3.21	3.91	13	45¼	50¼–20¾
Nike/*footwear*	76	NA	2.47	1.52	NA	12	29⅞	30¾–17¼
Noble Affiliates/*oilfield svs, oil, gas*	53	17	1.90	1.85	2.12	6	12	32⅞–10¾
Oklahoma Gas & Electric/*electric utility*	31	14	2.32	2.05	2.34	7	16¾	17 –11½
Pacific Power & Light/*electric utility*	9	6	3.01	2.82	2.98	6	18⅛	22⅛–16
Paradyne/*computer equipment*	77	54	1.52	1.36	2.09	21	31⅞	51¾– 8½
Parker Drilling/*oilfield services*	38	14	3.04	2.75	3.14	4	12⅛	36¾–12
Parsons Corp/*construction*	34	16	2.05	2.01	2.33	7	14⅞	36⅜–11⅞
Penn Central/*multicompany*	113	11	4.73	3.50	3.88	6	26⅜	32⅝– 9⅜
PepsiCo/*food processing*	13	16	3.69	3.61	4.18	10	36¾	39½–20
Petrolane/*oilfield svs, equip*	22	21	2.15	1.90	2.30	7	14¼	26¼–12½
Philadelphia Electric/*electric utility*	12	2	2.36	2.25	2.30	6	14¼	17 –11⅛
Philip Morris/*tobacco*	20	20	5.66	5.41	6.47	9	48⅝	55⅛–29⅛
Pneumo/*aerospace*	33	15	4.13	3.81	4.39	6	23⅛	36¾–17¾
Portland General Electric/*electric utility*	43	–2	2.84	2.54	2.49	5	13½	14⅞–11
RepublicBank Corp[4]/*banking*	24	13	5.36	5.17	5.83	5	28½	38¼–17½
Rochester Gas & Electric/*electric utility*	28	0	3.04	2.93	2.93	5	14	14⅝–10
Rollins/*multicompany*	21	17	1.81	1.62	1.89	8	13¾	22½– 7⅞
ROLM/*telecomm equip*	17	23	1.59	1.39	1.71	17	27	50⅛–17¼
Rowan Cos/*oilfield services*	65	22	2.74	2.22	2.71	4	9⅞	23½– 9⅛
Smith International/*oilfield equip*	56	15	6.29	5.80	6.67	4	27⅜	70¼–27
SmithKline Beckman/*drugs, prec inst*	13	9	5.07	5.55	6.04	13	64⅞	88⅜–43½
Sonat/*natural gas*	18	17	4.56	4.24	4.96	5	25	37¼–20⅞
Southland/*grocery stores*	24	13	4.07	3.86	4.36	7	30⅜	35 –16⅞
Southwest Bancshares/*banking*	35	15	4.31	4.00	4.60	5	23⅛	33⅝–14
Storage Technology/*computer equip*	52	26	2.73	2.50	3.16	8	21⅞	40⅜–11⅞
Super Valu Stores/*food wholesaling*	16	16	1.77	1.77	2.06	10	16⅞	20⅛– 9
Sysco/*food wholesaling*	22	20	1.62	1.41	1.69	14	22⅛	23 – 6⅝
Tandem Computers/*computer equip*	78	50	0.89	0.72	1.08	28	24¾	35 – 6⅛
Tandy Corp/*consumer electronics*	47	33	2.10	1.65	2.20	13	26⅞	39⅛– 7⅛
Texas Commerce Bancshares/*banking*	27	16	4.83	4.60	5.32	7	32¼	45 –20⅜
Texas Oil & Gas/*oil and gas*	34	34	2.31	2.00	2.67	12	27¾	41¾–13⅜
Transco Energy Co/*natural gas*	16	16	5.57	5.41	6.30	5	27½	64¼–27¼
Trust Co of Georgia/*banking*	25	11	5.14	4.94	5.47	6	30¾	34¾–12¾
Tucson Electric Power/*electric utility*	56	–24	3.77	3.80	2.88	6	21¼	23⅛–12
Turner Construction/*construction*	38	NA	4.84	4.65	NA	5	22¼	33⅝–12½
United Energy Resources/*natural gas*	19	13	8.07	7.75	8.75	4	31¼	56 –24
United Missouri Banchshares/*banking*	25	NA	5.29	4.84	NA	5	24¼	30¼–14⅛
Wachovia/*banking*	19	12	4.34	4.13	4.63	5	23½	28¼–15¼
Wal-Mart Stores/*retail*	43	30	2.64	2.50	3.24	18	48⅛	53½–13⅞
Walgreen/*drugstores*	14	16	3.15	2.82	3.27	9	27⅝	30⅛–13¼
Wang Laboratories/*computer equip*	28	29	1.63	1.36	1.76	17	27½	45⅝–14¼
Warner Communications/*entertainment*	54	50	3.96	3.57	5.35	12	47⅜	63¼–17¼
Waste Management/*waste management*	33	31	2.08	1.95	2.55	15	30⅜	41⅛–12

[1]Source: Institutional Brokers Estimate System: Lynch, Jones & Ryan. [2]Latest 12 months. [3]Tentative agreement for remaining shares to be acquired by Aetna Life & Casualty. [4]Formerly Republic of Texas Corp. E: Estimate. NA: Not available.

Principal Source: William O'Neil & Co.

The 100 largest foreign investments in the U.S.

*Who likes U.S. companies best?
The Europeans, the Canadians, the Japanese—
and a tiny Arab sheikhdom*

The 100 largest U.S. multinationals

*It's no accident these days that—
with a couple of notable exceptions—
the biggest U.S. companies are also
the biggest U.S. multinationals*

The 100 largest foreign companies

*Royal Dutch/Shell Group is still number one, but
take a look at the Japanese*

The 100 largest foreign investments in the U.S.

Foreign investor	Country	U.S. company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
1 Anglo American Corp of So Africa Ltd[1]	So Africa						
Minerals & Resources[1]	Bermuda	Phibro-Salomon[1]	27%	metal trading, brokerage	$25,098	$289.3	$5,788
		Engelhard Corp[1]	28	metals	2,192	71.6	705
		Inspiration Consol Copper	50	copper	165	–24.2	223
Hudson Bay M&S[1]	Canada	Terra Chemicals[2]	100	fertilizer	350E	7.0E	175E
					27,805		
2 Royal Dutch/ Shell Group[1]	Netherlands UK	Shell Oil[1]	69	oil	21,629	1,701.0	20,118
		Scallop Corp	100	oil			
		Massey Coal	50	coal			
		Billiton Metals & Ores	100	metals	4,700E	NA	5,900E
		Ocean Minerals	48	metals			
		Billiton Exploration	100	metals			
					26,329E		
3 Seagram Co Ltd[1]	Canada	Joseph E. Seagram & Sons	100	spirits & wines	1,466	291.9	5,397
		EI Du Pont[1]	20	chemicals, energy	22,790	1,081.0	23,829
					24,256		
4 British Petroleum Plc[1]	UK	Standard Oil Ohio[1]	53	energy	13,457	1,946.9	15,743
5 Fried Flick Group	Germany	WR Grace[1]	28	chemicals, multicompany	6,521	361.3	5,022
6 Tengelmann Group	Germany	Great A&P Tea[1]	50	supermarkets	6,227	–31.6	1,142
7 B.A.T Industries Plc[1]	UK	BATUS	100	paper, retailing, tobacco	4,600	180.0	2,929
		Germaine Monteil	100	cosmetics			
		Marshall Field[1]	80	retailing	1,194	22.6	681
					5,794		
8 Générale Occidentale SA	France	Grand Union	100	supermarkets	4,137	24.7	756
		Diamond Intl[1]	41	packaging, lumber	1,289	31.8	932
					5,426		
9 Beneficiaries of US Philips Trust	Netherlands	North Am Philips[1]	62	electronics	3,030	104.0	1,854
		Signetics	100	semiconductors	344	NA	NA
					3,374		
10 Bayer AG[1]	Germany	Mobay Chemical	100	chemicals	1,270	57.7	1,303
		Miles Laboratories	100	health care	770	1.5	684
		Cutter Laboratories	100	health care	353	4.9	385
		Helena Chemical	100	chemicals			
		Haarmann & Reimer	100	chemicals	637	NA	NA
		Agfa-Gevaert	100	photographics			
					3,030		
11 Unilever NV[1]	Netherlands	Lever Brothers	100	consumer goods	1,173	–11.5	471
		Thomas J Lipton	100	food	865	49.6	535
		Natl Starch & Chemical	100	adhesives, starch	668	41.4	405
					2,706		
12 Midland Bank Ltd	UK	Crocker National Corp[1]	54	banking	2,654	62.9	22,494
13 Regie Nationale des Usines Renault	France	American Motors[1]	46	automotive	2,589	–136.6	1,101
14 Petrofina SA	Belgium	American Petrofina[1]	75	energy	2,504	74.1	1,146
		Finadel	100	oil & gas exploration	29	11.6	237
					2,533		
15 Nestlé SA	Switzerland	Nestlé	100	food			
		Libby, McNeill & Libby	100	food			
		Stouffer Corp	100	food, restaurants			
		Alcon Laboratories	100	drugs	2,500E	NA	NA
		Beech-Nut	100	food			
		other companies	100	food, drinks, health care			

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15 Volkswagenwerk AG[1]	Germany	Volkswagen of America	100%	automotive	$1,900E	NA	$1,000E
		Triumph Adler	100	bus machines & info sys	600	NA	NA
					2,500 E		
17 Hongkong & Shanghai Banking Corp[1]	Hong Kong	Marine Midland Banks[1]	51	banking	2,484	$81.3	18,682
18 Cie Française des Pétroles	France						
Total Pctroleum NA Ltd	Canada	Total Petroleum	100	energy	2,354	NA	871
19 Brascan Ltd[1]	Canada	Scott Paper[1]	21	paper products	2,309	133.3	2,299
20 Schlumberger NV[1]	Neth Antilles	Schlumberger Technology	100	oilfield svs, electronics	2,300E	NA	1,800 E
21 Canadian Pacific Ltd[1]	Canada	Soo Line Railroad	56	railroad	330	36.4	526
Canadian Pacific Enterprises Ltd	Canada	Canadian Pacific Enterprises US Inc	100	agric products, minerals, china	1,820	37.1	1,493
					2 150		
22 Imperial Chem Inds[1]	UK	Fiber Industries	38	man-made fibers	1,097	NA	536
		ICI Americas	100	drugs, chemicals	950E	NA	NA
		Rubicon Chemicals	100	chemicals			
		Corpus Christi Petrochemical Co	38	chemicals	NA	NA	NA
					2,047 E		
23 George Weston Ltd	Canada	Interbake Inc	100	biscuits	320E	NA	NA
		Stroehmann Brothers	100	bakery			
		Eastern Fine Paper	100	paper products			
Loblaw Cos	Canada	Peter J Schmitt	100	food wholesaling	395	NA	NA
		National Tea	100	supermarkets	1,264	13.6	NA
					1,979		
24 Ciba-Geigy Ltd	Switzerland	Ciba-Geigy Corp	100	chemicals, drugs	1,887	NA	1,400
25 Consolidated Gold Fields Plc[1]	UK	Amcon Group	100	drill rigs, mng, stl, concrete	970	26.6	653
		Newmont Mining[1]	22	mining	903	81.0	1,933
					1,873		
26 BASF AG[1]	Germany	BASF Wyandotte	100	chemicals	967	26.7	791
		Badische	100	man-made fibers	563	17.6	410
		BASF Systems	100	magnetic media	78	NA	NA
		Fritzsche Dodge & Olcott	100	flavors & fragrances	81	NA	NA
		Cook Industrial Coatings	100	automotive paints	150E	NA	NA
		Knoll Pharmaceutical Co	100	drugs, chemicals			
					1,839		
27 Thomas Tilling Plc	UK	Thomas Tilling	100	energy, medical supplies, electrical equipment	1,625	37.0E	830 E
28 Hoechst AG[1]	Germany	American Hoechst	100	chemicals	1,609	24.0	1,228
29 Kuwait Petroleum	Kuwait	Santa Fe International	100	oil drilling	1,600E	175.0E	1,550 E
30 Grand Metropolitan[1]	UK	Liggett Group	100	tobacco, drinks & food	1,193	53.6	1,009
		Intercontinental Hotels	100	hotels	269	25.4	277
					1,462		
31 Noranda Mines Ltd	Canada	Noranda Aluminum	100	aluminum	386	NA	366
		Norandex	100	aluminum fabricating	341	NA	637
		Norandal	100	aluminum fabricating			
		Fraser Paper	63	paper manufacturing			
		Carol Cables	100	wire and cable			
MacMillan Bloedel Ltd[1]	Canada	MacMillan Bloedel Inc	100	forest products	700E	NA	470E
					1,427 E		

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32 Commercial Union Assurance Ltd	UK	Commercial Union Corp	100%	insurance	$1,424	$11.2	$2,458
33 Hanson Trust Plc[1]	UK	McDonough	100	footwear, cement, tools	225	18.7	606
		Hygrade Food Products	100	meat processors	494		
		Interstate United	100	food service management	362		
		Hanson Industrial Services	100	specialty textiles	214		
		American Farm Products	100	fishing, agric products	54		
					1,349		
34 Alcan Aluminium Ltd[1]	Canada	Alcan Aluminum Corp	100	aluminum	1,319	18.0	716
35 Rhône-Poulenc SA	France	Morton-Norwich Products[1]	21	salt, food, chemicals	958	53.0	697
		Rhône-Poulenc	100	chemicals, phototypesetting	249	NA	NA
		Dysan Corp[1]	20	data process equipment	104	5.2	129
					1,311		
36 Siemens AG[1]	Germany	Siemens Corp	100	medical, electronics, communications	784	NA	908
		Siecor Inc	50	telephone, fiber optics	112	NA	91
		General Numeric	50	computer equipment			
		Siemens-Allis	85	power engineering	400	14.2	233
					1,296		
37 Imperial Group[1]	UK	Howard Johnson	100	hotels & restaurants	669	NA	NA
		Country Pride Foods	100	poultry, food supplier	575E	NA	NA
		Lea & Perrins	86	sauces	25	NA	NA
					1,269E		
38 Alusuisse	Switzerland	Consolidated Aluminum	84	aluminum	687	NA	798
		Maremont Corp	100	auto parts	405	NA	314
		Lonza Inc	100	chemicals	136	NA	105
		Heyward-Robinson	100	engineering, consulting	35	NA	15
					1,263		
39 Delhaize-Le Lion SA	Belgium	Food Town Stores[1]	52	supermarkets	667	19.3	139
		Food Giant	100	supermarkets	591	–2.8	71
					1,258		
40 Dalgety Plc	UK	Dalgety Foods	100	frozen foods	1 255	4.3	116
		Martin-Brower Co	100	distribution			
		Pig Improvement Co	100	pig breeding			
		Modern Maid Food	100	food coatings			
40 Thyssen Group[1]	Germany	Budd Co	100	auto parts, machine tools, RR equip	1,255	NA	NA
42 Moore Corp Ltd[1]	Canada	Moore Business Forms	100	business forms	1,186	NA	656
		FN Burt Company	100	packaging	36	NA	18
					1,222		
43 Pechiney Ugine Kuhlmann	France	Howmet Aluminum	100	aluminum products	557	87.9	702
		Howmet Turbine Components Corp	100	engine castings	654		
					1,211		
44 Northern Foods Ltd	UK	Bluebird Inc	100	meat products	700E	NA	NA
		Keystone Foods	100	meat, poultry	500E	NA	NA
					1,200E		
45 Akzo NV[1]	Netherlands	Akzona[1]	66	chemicals, fibers	1,188	11.6	836

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46 Royal Insurance Co	UK	Royal Group	100%	insurance	$1,174	$61.2	$2,106
47 The BOC Group Plc[1]	UK	Airco Inc	100	industrial gases	1,167	108.0	1,145
48 Mitsui & Co Ltd[1]	Japan	Alumax	45	aluminum	1,164	110.1	1,132
49 General Electric Ltd[1]	UK	AB Dick	100	office equipment	450E	NA	NA
		Alco Power	100	diesel engines	100E	NA	NA
		Picker Intl	80	medical equip and systems	600E	NA	NA
					1,150E		
50 Henkel KGaA	Germany	Henkel Corp	100	chemicals	430E	NA	NA
		Amchem Products	100	chemicals			
		Clorox[1]	25	household products	714	38.1	416
					1,144E		
51 6 European Banks	6 countries	European Amer Bancorp	100	banking	1,139	33.3	8,146
52 Swiss Reinsurance Co	Switzerland	N Am Reinsurance	100	insurance	576	41.7	1,518
		N Am Reassurance	100	insurance	160	NA	384
		SwissRe Life Ins	100	insurance	211	NA	56
		other companies	100	insurance	144	NA	712
					1,091		
53 Genstar Ltd[1]	Canada	Genstar Building	100	building materials	1,078	NA	1,388
		Genstar Financial	100	financial services			
		Genstar Land & RE Devel	100	real estate development			
54 Trade Development Bank Holding	Luxembourg	Republic NY Corp[1]	65	banking	1,068	67.9	7,707
55 Ahold NV[1]	Netherlands	Bi-Lo	100	supermarkets	725	NA	NA
		Giant Food Stores	100	supermarkets	300E	NA	NA
					1,025		
56 Bank of Tokyo Ltd[1]	Japan	Bank of Tokyo Trust	100	banking	527	9.2	3,973
		California First Bank[1]	79	banking	488	16.3	4,062
					1,015		
57 F Hoffman-La Roche & Co Ltd	Switzerland	Hoffman-La Roche	100	pharmaceuticals, chems	1,000E	NA	NA
58 Vroom & Dreesmann	Netherlands	Dillards Dept Stores[1]	52	retailing	593	16.3	344
		HJ Wilson Co[1]	21	retailing	403	12.7	321
					996		
59 Daimler-Benz Group	Germany	Freightliner Corp	100	automotive	665	NA	NA
		Euclid	100	automotive	266	NA	NA
					931		
60 Thyssen-Bornemisza NV	Netherlands	Indian Head	100	diversified manufacturer	900E	NA	NA
61 Saint-Gobain-Pont-à-Mousson[1]	France	CertainTeed Corp[1]	55	building supplies	892	−10.9	664
62 Standard Chartered Bank Group	UK	Union Bank	100	banking	891	29.4	6,895
63 Bell Canada	Canada						
Northern Telecom Ltd	Canada	Northern Telecom	100	telecommunications	877	NA	708
64 Canada Development Corp	Canada	Savin[1]	57	office equipment	439	−2.2	413
		Polysar Inc	100	petrochemicals	365	NA	185
		other companies	100	electronics, energy, life sciences	71	NA	381
					875		
65 Franz Haniel & Cie	Germany	Scrivner Inc	100	wholesale/retail foods, dept store	864	9.7	121

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66 Financière Crédit Suisse-First Boston	Switzerland	First Boston[1]	37%	investment banking	$847	$46.3	$10,314
67 Bowater Corp Ltd[1]	UK	Bowater North America Catawba Newsprint Bowater Computer Forms	100 51 100	lumber, pulp & paper newsprint business forms	804	NA	695
68 General Accident Fire & Life Plc	UK	General Accident Ins Amer Camden Fire Assurance Penn Gen Insurance Potomac Ins of Illinois	100 100 100 100	insurance insurance insurance insurance	772	97.8	1,575
69 Natl Westminster Bank Plc	UK	Natl Bank North Amer	100	banking	768	12.8	5,969
70 Nova ***Husky Oil Ltd[1]***	Canada Canada	Husky Oil Co	100	petroleum, charcoal, steel	767	7.1	624
71 Canadian Imperial Bank of Commerce	Canada	Canadian Imperial Bank of Commerce	100	banking	750E	NA	5,000E
72 AB Electrolux	Sweden	Dometic Inc	100	appliances	733	10.4	421
73 Inco Ltd[1]	Canada	International Nickel Huntington Alloys other companies	100 100 100	metals metal products various businesses	705	NA	445
74 Fiat SpA[1]	Italy	Fiat-Allis Hesston Corp[1]	80 50	construction equip agricultural equip	422 280 702	–24.1 –4.8	290 166
74 United Biscuits Ltd	UK	Keebler Specialty Brands	100 43	baked goods spices, salad dressing	626 76 702	26.0 5.2	214 86
76 Davy Corp Plc	UK	Davy Inc	100	construction, engineering	700E	NA	235E
76 Power Corp of Canada	Canada	Great West Life Ins	96	life insurance	700E	17.0E	1,765E
78 Massey-Ferguson Ltd[1]	Canada	Massey-Ferguson Perkins Engines	100 100	farm & industrial mach diesel engines	606 92 698	NA NA	899 40
79 Barclays Bank Group Plc	UK	Barclays American Barclays Bank of NY Barclays Bank of Calif	100 100 100	financial services banking banking	429 250 679	13.0 NA NA	2,354 1,098 819
80 Beecham Group[1]	UK	Beecham Jovan	100 100	drugs, consumer prods cosmetics & fragrances	675E	NA	525E
81 Rio Tinto-Zinc Plc[1]	UK	US Borax & Chemical Indal US	100 59	chemicals building products	400E 263 663E	NA NA	374 166
82 Sandoz Ltd	Switzerland	Sandoz United States Ex-Lax Pharmaceutical	100 100	food, drugs, seeds, chems health care	NA*	NA	NA
83 IFI International SA	Luxembourg	Moog Automotive Chicago Rawhide River Cement Income International Hercules Cement	100 100 40 100 46	auto parts auto parts cement industrial components cement	650E	NA	NA
84 Imetal	France	Copperweld[1]	66	steel, copper fabrication	617	37.2	416

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85 Ivaco	Canada	Laclede Steel[1]	40%	steel	$253	$3.9	$137
		Atlantic Steel	100	steel			
		Capital Wire & Fence	100	steel			
		Florida Wire & Cable	80	steel	353	NA	263
		National Wire Products	60	steel			
		New York Wire Mills	100	steel			
		Niagara Lockport Inds	100	paper machine clothing			
					606		
86 Nationale-Netherlanden NV	Netherlands	Life Ins Co of Georgia	100	insurance	254	30.4	1,093
		Peerless Insurance	82	insurance	148	6.4	206
		Security Life Denver	100	insurance	68	9.4	302
		Midwestern United Life	88	insurance	29	4.0	220
		Wisconsin National Life	100	insurance	34	3.4	140
		Netherlands Ins Co	100	insurance	20	1.4	28
		First Georgia Ins	100	insurance	37	3.1	70
					590		
87 Competrol BVI Ltd	Saudi Arabia	Donaldson, Lufkin & Jenrette[1]	24	brokerage	579	13.2	4,868
88 Johnson Matthey & Co Plc	UK	Johnson Matthey Inc	100	refining, metal fabrication			
		Johnson Matthey Jewelry	100	jewelry mfg			
		The Meyercord Co	100	printing, transfers	560	NA	NA
		Matthey Print Corp	100	transfers			
		Max Marx Color & Chem	100	chemicals			
		Catamore Co	100	jewelry mfg			
89 Olympia & York Developments Ltd	Canada	Landmark Land Co[1]	29	recreation	40	2.8	NA
		Abitibi Price Corp	94	forest products	194	NA	185
		Brinco	51	mining, energy	8	–0.1	19
		Royal Trustco	24	banking	49	2.2	396
		Trizec	37	property development	124	NA	NA
		Rouse[1]	21	property dev, banking	139	5.2	553
					554		
90 Allianz Versicherungs AG	Germany	Allianz of America	52	insurance	412	NA	1,787
		Munich Amer Reinsurance	45	insurance	106	7.8	294
		Munich Amer Reassurance	45	insurance	35	1.3	62
					553		
91 Imasco Ltd	Canada	Hardee's Food Systems	100	fast food	537	NA	312
		Shoppers Drug Mart	100	health & beauty products	13	NA	NA
		Tinder Box Intl Ltd	100	tobacco products			
					550		
92 Elf Aquitaine Group	France	Elf Aquitaine Inc	100	chemicals, oil, gas			
		Texasgulf	100	mining	539	NA	3,800
		other companies	33–75	energy, drilling, drugs, plastics			
93 Sobey Group	Canada	Hannaford Brothers[1]	23	food distribution	530	6.4	112
94 Empain-Schneider	France	Refinement Intl[1]	65	metals reclamation	317	4.1	207
		Phoenix Steel[1]	56	steel	207	0.9	156
					524		
95 TransCanada Pipelines[1]	Canada	Great Lakes Gas Transmission	50	gas pipeline	522	21.4	386
96 LM Ericsson Telefonaktiebolaget	Sweden	Anaconda-Ericsson	50	telecommun equipment	508	NA	455

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The 100 largest foreign investments in the U.S.

Foreign investor	Country	U.S. company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
96 Hawker Siddeley Group Plc[1]	UK	Lister Diesels	100%	engine assembly	$ 24	NA	$15
		FASCO	100	electrical equipment	166E	NA	NA
		Onan	37	engines	245E	NA	NA
Carlton Inds	UK	KW Battery	100	industrial batteries	18E	NA	NA
Hawker Siddeley Canada[1]	Canada	Am Sawmill Machinery	100	sawmill equip, pumps	55	NA	39
		B&K Machinery	100	machinery			
		Dosco Corp	100	mining equipment			
		Tree Farmer Equipment	100	foresting equipment			
					508E		
98 Babcock Intl Ltd[1]	UK	ACCO/Babcock Inc	100	diversified mfg	497	NA	417
99 BBC Brown, Boveri & Cie	Switzerland	BBC Brown, Boveri	100	mechanical & electronic power equipment	479	NA	366
100 Hoesch AG[1]	Germany						
Hoogovens	Netherlands						
Estel NV	Netherlands	Envirotech[1]	29	pollution controls	383	$-56.0	332
		Beckley Coal Mining	25	mining	50E	NA	57E
		Roteck Inc	100	tools & machinery	40E	NA	25E
					473		

And the 25 runners-up

Foreign investor	Country	U.S. company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
101 Steinberg Inc[1]	Canada	Smitty's Super Valu	100%	supermarkets	$450E	$1.1E	$126
102 Fujitsu Ltd[1]	Japan	Amdahl[1]	21	computers	443	26.8	457
103 Willy Korf	Germany						
Coinvest BV1	Germany	Korf Industries	70	steel, technology	441	1.9	387
Govt of Kuwait	Kuwait		30				
104 L'Air Liquide[1]	France	Liquid Air Corp[1]	61	industrial gases	428	31.5	484
105 AB SKF	Sweden	SKF Industries	96	bearings, auto parts	425	NA	NA
106 Otto Versand	Germany	Spiegel Inc	100	catalog retailing	423	1.7	441
107 Tate & Lyle Plc	UK	Tate & Lyle Inc	100	sugar refining, food	402	NA	145
Redpath Inds Plc	UK	Multifittings USA	100	pipes & fittings	10	NA	14
		CertainTeed/Daymond	50	drainage pipe			
					412		
108 AGO Verzekeringen NV	Netherlands	Life Investors[1]	57	insurance	405	14.3	1,067
109 Sony Corp[1]	Japan	Sony Corp of America	100	consumer electronics	400E	NA	NA
110 Canadian Natl Railways	Canada	Grand Trunk Corp	100	railroad	391	17.2	534
111 Cadbury Schweppes Plc[1]	UK	Cadbury Schweppes USA	100	food	373	NA	NA
112 Solvay & Cie SA	Belgium	Soltex Polymer	100	chemicals	370E	NA	NA
113 DSM NV	Netherlands	Nipro Inc	100	chemicals	300E	NA	450
		Synres Chemical Corp	100	chemicals	30E	NA	10E
		Sheffield Plastics Inc	100	plastics	20E	NA	5E
					350E		
113 Matsushita Electric Industrial Co[1]	Japan	Matsushita Electric Corp of America	100	electronics	350E	NA	NA
113 Olsen, Lehmkuhl families	Norway	Timex	100	watches	350E	NA	NA

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And the 25 runners-up

Foreign investor	Country	U.S. company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
116 Lloyds Bank Group	UK	Lloyds Bank California	100%	banking	$347	$3.5	$2,741
117 Ghaith Pharaon	Saudi Arabia	Sam P Wallace[1]	65	construction	337	0.4	103
118 Sun Life Assur Co of Canada	Canada	Sun Life Assurance Suncan Equity Services Suncan Benefit Services	100 100 100	insurance financial services financial services	335	NA	2,235
119 AMEV NV	Netherlands	Time Insurance	100	insurance	158	11	272
		American Security Ins	100	insurance	104	11	219
		United Family Life	100	insurance	51	7	198
		other companies	100	finance, venture capital	18	2	55
					331		
120 Lafarge Coppée ***Canada Cement Lafarge***	France Canada	General Portland	100	cement	326	9.1	324
121 S Pearson & Son Plc	UK	Midhurst Corp Pearson Longman Cedar Point[1]	100 100 25	oil services & equipment publishing amusement parks	323	39.0	144
122 Cominco Ltd[1]	Canada	Cominco American	100	mining, fertilizer, electronics	297	NA	187
		Hawaiian Western Steel	51	steel	16	NA	6
					313		
123 Sanyo Electric Co Ltd[1]	Japan	Sanyo Manufacturing	94	electronics, appliances	277	1.0	99
		Sanyo E&E	48	electronics, appliances	34	−1.0	31
					311		
124 Intl Thomson Org Ltd	Canada	International Thomson	100	publishing, travel, natural resources	310	NA	411
125 Promodes	France	Red Food Stores	100	supermarkets	305	NA	NA

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The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
1	**Exxon**	$75,795	$108,108	70.1%	$3,076	$5,423	56.7%	$32,925	$62,931	52.3%
2	**Mobil**	41,184[1]	65,45[illegible]	62.9	1,536[2]	2,433[2]	63.1	18,187	34,776	52.3
3	**Texaco**	38,599	57,62[illegible]	67.0	1,379[2]	2,310[2]	59.7	15,216	27,489	55.4
4	**Standard Oil Calif**	23,843	44,224	53.9	949[2]	2,380[2]	39.9	10,776	23,655	45.6
5	**Ford Motor**	18,508	38,247	48.4	135[2]	−1,060[2]	P/D	14,398	23,021	62.5
6	**General Motors**	15,676	62,699	25.0	−395[2]	333[2]	D/P	11,617	38,920	29.8
7	**IBM**	13,982	29,070	48.1	1,228[2]	3,308[2]	37.1	14,149	29,586	47.8
8	**Phibro-Salomon**	13,388	25,109	53.3	521	535	97.4	3,530	5,788	61.0
9	**Citicorp**	11,339	18,275	62.0	287[2]	531[2]	54.0	70,177[4]	115,895[4]	60.6
10	**Intl Tel & Tel[3]**	10,973	23,197	47.3	926	1,576	58.8	10,914	28,957	37.7

*Unless otherwise indicated. [1] Includes other income. [2] Net income. [3] Includes proportionate interest in unconsolidated subsidiaries or investments. [4] Average assets. [5] Income before security gains or losses. [6] Excluding equity in FW Woolworth & Co Ltd. [7] Profit before interest and after taxes. [8] Pretax income. [9] Excludes international transportation. [10] Estimate. [11] Excludes Canada. [12] From continuing operations. [13] Income before equity in income of unconsolidated companies and minority interest. P/D: Profit over deficit. NA: Not available. D/P: Deficit over profit.

The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
11	**Gulf Oil**	$10,363	$28,252	36.7%	$ 578[2]	$ 1,231[2]	47.0%	$ 7,337	$20,429	35.9%
12	**BankAmerica**	7,954	15,085	52.7	245[2]	445[2]	55.1	48,373[4]	112,902[4]	42.8
13	**Chase Manhattan**	6,927	10,651	65.0	247[2]	412[2]	60.0	44,758	77,839	57.5
14	**E I Du Pont de Nemours**	6,716	22,790	29.5	249[7]	1,467[7]	17.0	5,722	23,829	24.0
15	**General Electric**	5,824[1]	27,854[1]	20.9	296	1,652	17.9	5,089	20,942	24.3
16	**Dow Chemical**	5,691	11,873	47.9	350	916	38.2	5,599	12,496	44.8
17	**Standard Oil Indiana**	4,995[1]	30,372[1]	16.4	678[2]	1,992[2]	34.0	6,438	22,916	28.1
18	**Occidental Petroleum**	4,856[1]	15,335[1]	31.7	1,778	2,227	79.8	2,551	8,075	31.6
19	**J P Morgan**	4,291	6,778	63.3	234[2]	348[2]	67.4	30,278	53,522	56.6
20	**Safeway Stores**	4,088	16,580	24.7	87[2]	115[2]	76.4	1,050	3,690	28.4
21	**Sun Co**	4,083[1]	15,967[1]	25.6	8[7]	1,281[7]	0.6	2,223	11,822	18.8
22	**Manufacturers Hanover**	3,982	7,476	53.3	120[2]	252[2]	47.6	30,037	59,109	50.8
23	**Eastman Kodak**	3,929	10,337	38.0	448	2,060	21.7	2,984	9,439	31.6
24	**Xerox**	3,870	8,691	44.5	252[2]	598[2]	42.2	3,365	7,674	43.8
25	**Procter & Gamble**	3,750	11,416	32.8	130[2]	668[2]	19.5	1,769	6,961	25.4
26	**Goodyear**	3,748	9,153	41.0	296	772	38.3	2,450	5,354	45.8
27	**Phillips Petroleum**	3,402	15,966	21.3	1,411	2,762	51.1	2,459	11,264	21.8
28	**F W Woolworth[3]**	3,395	8,310	40.9	125[6]	257[6]	48.6	1,827	3,499	52.2
29	**Union Carbide**	3,189	10,168	31.4	325	1,177	27.6	2,990	10,423	28.7
30	**Colgate-Palmolive**	3,091	5,261	58.7	289	457	63.2	1,235	2,631	46.9
31	**United Technologies**	3,019	13,668	22.1	190[2]	458[2]	41.4	2,150	7,555	28.5
32	**Dart & Kraft**	2,911	10,211	28.5	290	863	33.6	1,458	5,054	28.9
33	**Tenneco**	2,909	15,462	18.8	282	1,851	15.2	2,951	16,808	17.6
34	**CPC International**	2,797	4,343	64.4	266	473	56.3	1,597	2,462	64.9
35	**Chemical New York**	2,671	5,658	47.2	74[5]	215[5]	34.2	17,501	44,917	39.0
36	**Pan Am World Airways**	2,660	3,797	70.0	–136	–353	38.7	NA	2,963	NA
37	**R J Reynolds Inds**	2,657	9,766	27.2	106[9]	1,567	6.8	1,219[9]	8,096	15.1
38	**Coca-Cola**	2,650	5,889	45.0	580	918	63.2	1,420	3,565	39.8
39	**Bankers Trust New York**	2,562	4,656	55.0	116[2]	188[2]	6.2	17,535	34,213	51.3
40	**Minn Mining & Mfg**	2,555	6,508	39.3	388	1,169	33.2	1,733	5,422	32.0
41	**Continental Illinois**	2,378	6,287	37.8	73[2]	254[2]	28.7	19,105[10]	46,972	40.7
42	**Johnson & Johnson**	2,373	5,399	44.0	406	838	48.4	1,635	3,820	42.8
43	**Atlantic Richfield**	2,331	27,798	83.9	37[2]	1,671[2]	2.2	945	19,733	4.8
44	**Getty Oil**	2,300	12,887	17.8	1,051	2,276	46.2	1,945	9,536	20.4
45	**Chrysler**	2,183	10,822	20.2	6.9[2]	–476[2]	P/D	1,594	6,270	25.4
46	**International Harvester**	2,133	7,041	30.3	32	60	53.3	1,269	5,346	23.7
47	**Sperry**	2,131	5,427	39.3	230	749	30.7	2,169	5,243	41.4
48	**Halliburton**	2,104	8,508	24.7	272	1,181	23.0	1,722	5,580	30.9
49	**First Chicago**	2,090	4,326	48.3	24[2]	119[2]	20.3	14,045	35,562	39.5
50	**Beatrice Foods**	2,085	9,024	23.1	164	724	22.7	972	4,744	20.5
51	**Monsanto**	2,074	6,948	29.9	104	754	13.8	1,556	6,069	25.6
52	**General Foods**	2,041	6,601	30.9	100	532	18.8	955	3,130	30.5
53	**General Tel & Elec[12]**	2,030	11,026	18.4	89[2]	722[2]	12.3	3,316	21,113	15.7
54	**Sears, Roebuck[3]**	2,008	29,260	6.9	16[2]	592[2]	2.7	1,441	34,922	4.1
55	**Nabisco Brands**	1,982	5,819	34.1	177	627	28.2	1,211	3,429	35.3
56	**American Express**	1,937	7,211	26.9	135	835	16.2	8,634	25,103	34.4
57	**Fluor**	1,917	6,073	31.6	104	370	28.1	909	4,427	20.5
58	**Trans World**	1,883	5,265	35.8	140	165	84.8	1,182	3,397	34.8
59	**Pfizer**	1,847	3,250	56.8	319	524	60.8	1,725	3,647	47.3
60	**Union Oil California**	1,841[1]	10,938[1]	16.8	36[2]	791[2]	4.6	1,013	7,593	13.3
61	**American Brands[3]**	1,815	4,541	40.0	176	784	22.4	1,486	6,260	23.7
62	**NCR**	1,789	3,433	52.1	159	437	36.3	1,542	3,387	45.5
63	**Hewlett-Packard**	1,725	3,578	48.2	223[8]	580[8]	38.4	825	2,758	29.9
64	**Caterpillar Tractor**	1,704	9,155	18.6	138	1,159	11.9	1,253	7,285	17.2
65	**First National Boston**	1,671	2,948	56.7	41[2]	119[2]	34.5	7,107[4]	15,931[4]	44.6

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The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
66	**PepsiCo**	$1,595	$7,027	22.7%	$134	$708	18.8%	1,248	$4,057	30.8%
67	**Allied Corp**	1,564	6,407	24.4	759	1,071	70.9	1,279	5,344	23.9
68	**Honeywell**	1,552	5,351	29.0	129	499	25.8	1,203	4,331	27.8
69	**American Intl Group**	1,543	3,155	48.9	257	441	58.3	3,591	7,957	45.1
70	**Deere**	1,534	5,447	28.2	20	522	3.8	1,279	5,684	22.5
71	**Firestone**	1,521	4,361	34.9	107	258	41.5	1,047	3,018	34.7
72	**K mart[3]**	1,514	17,393	8.7	25[2]	220[2]	11.2	549	7,128	7.7
73	**Continental Group[3]**	1,453	5,795	25.1	73	405	17.9	719	5,610	12.8
74	**Warner-Lambert**	1,441	3,380	42.6	277	580	47.8	1,094	2,963	36.9
75	**Consolidated Foods**	1,435	5,614	25.6	123[8]	283[8]	43.6	777	2,277	34.1
76	**HJ Heinz**	1,426	3,569	39.9	117	338	34.6	828	2,074	39.9
77	**RCA[3]**	1,410	8,998	15.7	19[8]	98[8]	19.2	987	13,210	7.5
78	**WR Grace**	1,389	6,521	21.3	198[8]	803[8]	24.7	892	5,022	17.8
79	**American Home Products**	1,387	4,131	33.6	238	960	24.7	746	2,589	28.8
80	**Gulf & Western Inds[3]**	1,375	7,379	18.6	223	512	43.5	1,900[10]	12,800[10]	14.8
81	**Burroughs**	1,368[1]	3,405[1]	40.2	199	448	44.3	1,640	4,439	36.9
82	**Merck**	1,367	2,930	46.7	219	579	37.8	1,310	3,310	39.6
83	**Irving Bank**	1,364	2,390	57.1	62[2]	97[2]	63.9	9,362	18,227	51.4
84	**Texas Instruments**	1,340	4,206	31.9	100[2]	108[2]	92.6	799	2,310	34.6
85	**Gillette**	1,338[11]	2,334	57.3	158[11]	312	50.6	1,002[11]	1,759	57.0
86	**Scott Paper[3]**	1,335	3,645	36.6	36[2]	133[2]	27.0	1,277	3,576	35.7
87	**Bendix**	1,308	4,425	29.6	128	447	28.7	703	3,219	21.8
88	**American Cyanamid**	1,276	3,649	35.0	91[2]	197[2]	46.1	831	3,065	27.1
89	**TRW**	1,262	5,285	23.9	138	489	28.1	910	3,127	29.1
90	**Bristol-Myers**	1,257	3,497	36.0	193	600	32.2	869	2,489	34.9
91	**Ralston Purina**	1,253	5,225	24.0	37	409	9.0	440	2,219	19.8
92	**Digital Equipment**	1,252	3,198	39.1	272	536	50.7	1,169	3,456	33.8
93	**Avon Products**	1,251	2,614	47.9	165	403	40.9	626	1,568	40.0
94	**Westinghouse Electric**	1,215	9,368	13.0	117	729	16.0	801	8,316	9.6
95	**Motorola**	1,213	3,336	36.4	58	339	17.0	603	2,399	25.1
96	**Litton Industries**	1,212	4,943	24.5	97	519	18.7	428	3,688	11.6
97	**Marine Midland Banks**	1,191	2,484	47.9	33[2]	81[2]	40.8	8,173	18,682	43.7
98	**Philip Morris**	1,166	8,307	14.0	104	1,369	7.6	1,505	9,245	16.3
99	**Singer**	1,150	2,834	40.6	64	145	44.2	731	1,573	46.5
100	**Ingersoll-Rand**	1,149	3,378	34.0	126	430	29.3	925	2,678	34.5

And the 25 runners-up

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
101	**American Standard**	$1,106	$2,471	44.8%	$137	$242	56.6%	$ 642	$ 1,574	40.8%
102	**Carnation**	1,080	3,354	32.2	73	300	24.5	407	1,645	24.7
103	**United Brands**	1,067[11]	4,058	26.3	25[11]	83	30.4	555[11]	1,309	42.4
104	**Dresser Industries**	1,063	4,615	23.0	59	570	10.3	808	3,273	24.7
105	**Murphy Oil**	1,060[1]	2,543[1]	41.7	98[2]	163[2]	60.1	1,478	2,777	53.2
106	**Eli Lilly**	1,059	2,773	38.2	78[2]	375[2]	20.9	982	2,902	33.8
107	**Kimberly-Clark**	1,054	2,886	36.5	95	294	32.4	1,040	2,414	43.1
108	**City Investing**	1,042	5,797	18.0	127	421	30.2	961	8,522	11.3
109	**Quaker Oats**	1,032	2,600	39.7	82	239	34.5	528	1,454	36.3
110	**Security Pacific**	1,023	4,219	24.2	53[2]	206[2]	25.5	8,571	32,999	26.0
111	**Hercules[3]**	1,008	3,145	32.0	79	235	33.6	829	2,336	35.5
112	**Control Data[3]**	1,007	4,163	24.2	66	209	31.6	694	6,905	10.1
113	**Signal Cos**	963	5,407	17.8	–4[13]	214[13]	D/P	523	3,678	14.2
114	**Anderson, Clayton**	956	1,930	49.5	92	166	55.5	364	895	40.6
115	**Levi Strauss**	942	2,851	33.0	108	401	26.9	500	1,605	31.2

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And the 25 runners-up

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
116	**Black & Decker**	$905	$1,431	63.2%	$ 53[2]	$ 66[2]	80.2%	$666	$1,165	57.2%
117	**Armco**	897	7,735	11.6	117	639	18.3	586	6,682	8.8
118	**Schering-Plough**	889	1,809	49.1	115	277	41.5	805	2,286	35.2
119	**Kellogg**	867	2,321	37.4	55[2]	205[2]	26.8	506	1,279	39.6
120	**Borg-Warner**	848	2,737	31.0	25	206	12.1	434	2,191	19.8
121	**Revlon**	842[11]	2,366	35.6	69[11]	360	19.1	895[11]	2,317	38.6
122	**Foster Wheeler**	836	1,674	49.9	27	83	31.8	387	959	40.4
123	**Sterling Drug**	829	1,793	46.2	106	253	42.1	635	1,265	50.2
124	**SmithKline Beckman**	823	1,985	41.5	224	513	43.7	645	1,883	34.3
125	**Norton Simon**	815	3,144	25.9	50[8]	171[8]	29.2	661	2,382	27.7

*Unless otherwise indicated. [1] Includes other income. [2] Net income. [3] Includes proportionate interest in unconsolidated subsidiaries or investments. [4] Average assets. [5] Income before security gains or losses. [6] Excluding equity in FW Woolworth & Co Ltd. [7] Profit before interest and after taxes. [8] Pretax income. [9] Excludes international transportation. [10] Estimate. [11] Excludes Canada. [12] From continuing operations. [13] Income before equity in income of unconsolidated companies and minority interest. P-D: Profit over deficit. NA: Not available. D-P: Deficit over profit.

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
1 Royal Dutch/Shell Group	Dec	$82,337	$3,644	$65,017	$17,868[3]	Netherlands/UK	energy	166.0
2 Mitsui & Co Ltd	Mar	68,709	84	23,403	1,539	Tokyo, Japan	wholesaler	13.0
3 Mitsubishi Corp	Mar	68,271	189	23,258	3,698	Tokyo, Japan	wholesaler	14.2
4 British Petroleum Co Plc	Dec	52,229	2,064	40,764	10,953	London, UK	energy	153.3
5 C Itoh & Co Ltd	Mar	51,502	58	16,409	1,355	Tokyo, Japan	wholesaler	10.0
6 Marubeni Corp	Mar	47,404	31	16,245	1,295	Osaka, Japan	wholesaler	14.0
7 Sumitomo Corp	Mar	44,931	98	11,190	1,422	Osaka, Japan	wholesaler	10.0
8 Nissho-Iwai Co Ltd	Mar	32,124	–14	9,811	635	Tokyo, Japan	wholesaler	8.0
9 ENI-Ente Nazionale Idrocarburi	Dec	29,103	–341	26,289[4]	none[5]	Rome, Italy	energy	122.8
10 IRI-Istituto Ricostruzione Industriale	Dec	26,400E	–2,240	NA	none[5]	Rome, Italy	multicompany	550.0
11 Unilever	Dec	24,109	801	12,507	4,052[3]	Netherlands/UK	consumer goods	292.0
12 TOTAL Group (Française des Pétroles)	Dec	22,654	175	13,830	546	Paris, France	energy	47.3
13 VEBA Group	Dec	20,885	208	13,416[4]	1,898	Duesseldorf, Ger	energy	82.9
14 Kuwait Petroleum Corp	June	19,800E	1,600E	8,858	none[5]	Safat, Kuwait	energy	12.6
15 Petróleos de Venezuela SA	Dec	19,659	3,316	20,714	none[5]	Caracas, Venezuela	energy	42.2
16 Fiat Group	Dec	19,381	85	NA	605	Turin, Italy	automotive	314.8
17 Elf Aquitaine Group	Dec	19,215	678	20,882	2,391	Paris, France	energy	58.6
18 Petroleos Mexicanos	Dec	18,996	18	45,294	none[5]	Mexico City, Mex	energy	110.0
19 Petróleo Brasileiro SA	Dec	18,946	831	14,036	697	Rio de Janeiro, Brazil	energy	66.2
20 Nippon Tel & Tel Public Corp	Mar	18,192	1,786	44,830	none[5]	Tokyo, Japan	telecommun	327.0
21 Deutsche Bundespost	Dec	17,467	1,023	32,554	none[5]	Bonn, Germany	communications	483.4
22 Toyota Motor Sales Co	Mar	17,009	145	5,766	1,230	Nagoya, Japan	wholesaler	5.2[6]
23 NV Philips Lamp	Dec	16,997	143[7]	17,310[7]	1,471	Eindhoven, Neth	elec equipment	348.1
24 Nissan Motor Co Ltd	Mar	16,794	491	11,722	6,427	Tokyo, Japan	automotive	56.3[6]
25 Volkswagen Group	Dec	16,760	99	11,202	1,398	Wolfsburg, Ger	automotive	246.9

[1] Revenue is for "group" or consolidated and excludes excise taxes and duties. [2] As of Dec. 31, 1981. [3] Combined market value. [4] Figures for year ended Dec. 31, 1980. [5] Government, privately owned or mutual. [6] Not fully consolidated. [7] Based on current cost accounting. NA: Not available. E: Estimated.

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The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
26 Nippon Oil Co Ltd	Mar	$16,637	$297	$7,334	$3,940	Tokyo, Japan	energy	11.6
27 Postes et Telecommunications	Dec	16,600E	NA	105,328	none[5]	Paris, France	communications	475.0
28 The Electricity Council	Mar	16,488	–638[7]	72,581[7]	none[5]	London, UK	utility	154.9
29 Toyota Motor Co Ltd[6]	June	16,379	620	8,050	9,154	Toyota City, Japan	automotive	48.8
30 Daimler-Benz Group	Dec	16,222	367	8,911	3,872	Stuttgart, Germany	automotive	188.0
31 Renault Group	Dec	16,137	–124	11,634	none[5]	Boul-Billancourt, Fr	automotive	215.8
32 Toyo Menka Kaisha Ltd	Mar	15,912	12	5,336	293	Osaka, Japan	wholesaler	4.6
33 Siemens Group	Sept	15,879	206	14,655	3,429	Munich, Germany	elec equipment	338.0
34 Matsushita Electric Industrial Co	Nov	15,704	713	13,749	8,654	Osaka, Japan	elec equipment	117.9
35 Hitachi Ltd	Mar	15,459	594	16,184	8,197	Tokyo, Japan	elec equipment	151.3
36 Hoechst Group	Dec	15,237	157	11,584	2,243	Frankfurt, Germany	chemicals	184.7
37 BASF Group	Dec	15,145	162	8,819	2,459	Ludwigshafen, Ger	chemicals	116.6
38 Nippon Steel Corp	Mar	15,138	341	16,767	5,318	Tokyo, Japan	steel	69.5[6]
39 Bayer Group	Dec	14,930	224	12,758	2,581	Leverkusen, Ger	chemicals	181.0
40 Kanematsu-Gosho Ltd	Mar	14,676	2	5,639	168	Tokyo, Japan	wholesaler	3.7
41 Tokyo Electric Power Co[6]	Mar	14,429	597	31,230	5,528	Tokyo, Japan	utility	40.0
42 Nestlé	Dec	14,120	491	9,886	3,736	Vevey, Switzerland	food processing	145.8
43 Electricité de France	Dec	13,727	–846	42,797	none[5]	Paris, France	utility	114.0
44 Nichimen Co Ltd	Mar	13,534	18	4,971	232	Osaka, Japan	wholesaler	3.4[6]
45 Barclays Bank Group	Dec	13,486	684	93,019	2,438	London, UK	banking	130.0
46 Imperial Chemical Inds Plc	Dec	13,346	377	13,619	3,309	London, UK	chemicals	132.4
47 Groupe Peugeot SA	Dec	13,267E	–368E	10,488E	354	Paris, France	automotive	218.0
48 Idemitsu Kosan Co Ltd	Mar	13,206	67	10,312	none[5]	Tokyo, Japan	energy	9.8
49 Banque Nationale de Paris Group	Dec	13,204	203	106,775	none[5]	Paris, France	banking	58.8
50 Crédit Lyonnais Group	Dec	13,135	141	93,716	none[5]	Paris, France	banking	45.4[6]
51 Thyssen Group	Sept	12,941	–32	7,804	794	Duisberg, Germany	steel	149.3
52 Mitsubishi Heavy Ind Ltd	Mar	12,390	102	17,796	2,920	Tokyo, Japan	indl machinery	95.0
53 National Westminster Bank Plc	Dec	11,756	874	82,624	1,824	London, UK	banking	84.0
54 Deutsche Bundesbahn	Dec	11,699	–1,938	42,144[4]	none[5]	Frankfurt, Germany	transportation	340.0
55 CAMPSA	Dec	11,664	32	2,567	40	Madrid, Spain	energy	9.6
56 British National Oil Co	Dec	11,664	155	2,547	none[5]	Glasgow, Scotland	energy	2.3
57 Nippon Life Insurance Co	Mar	11,449	1,791	29,611	none[5]	Osaka, Japan	insurance	18.6
58 INI-Instituto Nacional de Industria	Dec	11,374	–433	24,218	none[5]	Madrid, Spain	multicompany	249.8
59 National Iranian Oil Co	Dec	11,000E	NA	NA	none[5]	Tehran, Iran	energy	NA
60 British Telecom	Mar	10,659	423	21,361	none[5]	London, UK	telecommun	246.7
61 Cie Générale d'Electricité	Dec	10,426	NA	13,077[4]	none[5]	Paris, France	elec equipment	180.0
62 B.A.T Industries Plc	Dec	10,400E	773	9,517	2,462	London, UK	multicompany	169.5
63 NV Nederlandse Gasunie	Dec	10,394	32	3,554	none[5]	Groningen, Neth	energy	1.8
64 OIAG-Osterreichische Industrie Verwaltungs AG	Dec	10,365	0	4,145	none[5]	Vienna, Austria	metals	112.9
65 ENEL	Dec	10,312	–1,952	23,653	none[5]	Rome, Italy	utility	117.9
66 Canadian Pacific Ltd	Dec	10,290	406	13,770	2,530	Montreal, Canada	multicompany	129.2
67 Tengelmann Group	June	10,200E	NA	NA	none[5]	Muelheim, Ger	retailer	90.0E
68 RWE Group	June	10,163	217	10,091	1,746	Essen Germany	energy	69.7
69 Société Générale Group	Dec	10,133	167	87,170	none[5]	Paris, France	banking	45.6
70 British Gas Corp	Mar	10,053	365[7]	24,491[7]	none[5]	London, UK	utility	106.0
71 National Coal Board	Mar	9,798	–484	9,038	none[5]	London, UK	energy	296.0
72 Toshiba Corp	Mar	9,663	227	9,761	4,282	Kawasaki, Japan	elec equipment	99.0
73 Midland Bank Group	Dec	9,524	383	78,256	1,103	London, UK	banking	82.8
74 Volvo Group	Dec	9,483	159	6,578	726	Gothenburg, Sweden	automotive	76.1
75 Royal Bank of Canada	Oct	9,390	399	70,950	1,887	Montreal, Canada	banking	38.8

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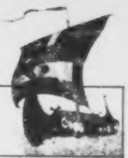

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
76 St-Gobain-Pont-à-Mousson	Dec	$9,352	$ 81	$9,399	none[5]	Paris, France	building prods	135.6
77 Petrofina SA	Dec	9,208	283	6,262	$1,670	Brussels, Belgium	energy	21.0
78 Deutsche Bank Group	Dec	9,071	176	85,334	2,870	Frankfurt, Germany	banking	44.8
79 Honda Motor Co Ltd	Feb	8,375	292	4,946	2,675	Tokyo, Japan	automotive	42.4
80 Gutehoffnungshütte Group	June	8,308	44[6]	4,919[6]	667	Oberhausen, Ger	industrial equip	86.9
81 Kansai Electric Power Co	Mar	8,162	237	15,502	3,108	Osaka, Japan	utility	24.1
82 General Electric Co Ltd	Mar	8,102	700	7,587	8,637	London, UK	elec equipment	193.0
83 Ruhrkohle	Dec	8,062	NA	5,693	none[5]	Essen, Germany	mining	136.6
84 Le Groupe Thomson	Dec	8,023	–33	8,791	none[5]	Paris, France	elec equipment	130.0
85 Banco do Brasil	Dec	7,957	1,331	65,077	1,023	Brasilia, Brazil	banking	99.8
86 Montedison Group	Dec	7,853	–545	7,649	272	Milan, Italy	chemicals	94.2
87 Bank Hapoalim BM	Dec	7,753	139	19,069	1,406	Tel Aviv, Israel	banking	9.7
88 Crédit Agricole	Dec	7,744[6]	265	97,773	none[5]	Paris, France	banking	68.5
89 Lloyds Bank Group	Dec	7,722	515	52,777	1,458	London, UK	banking	66.0
90 Canadian Imperial Bank of Commerce	Oct	7,704	267	54,607	961	Toronto, Canada	banking	36.7
91 Suez Group	Dec	7,661	172	57,052	none[5]	Paris, France	banking	37.3
92 Pechiney Ugine Kuhlmann	Dec	7,541	–322	7,586[4]	none[5]	Paris, France	metals	86.1
93 Paribas Group	Dec	7,493	127	50,108	none[5]	Paris, France	banking	25.2
94 NV DSM	Dec	7,344	40	4,082	none[5]	Heerlen, Neth	chemicals	30.0
95 Bank of Montreal	Oct	7,318	294	51,844	1,165	Montreal, Canada	banking	28.6
96 Maruzen Oil Co Ltd	Mar	7,300E	–120	5,357	449	Osaka, Japan	energy	4.5[6]
97 Indian Oil Corp Ltd	Mar	7,255	102	NA	none[5]	Bombay, India	energy	20.6
98 Dai-Ichi Kangyo Bank	Mar	7,144	130	95,724	5,020	Tokyo, Japan	banking	23.8[6]
99 SNCF	Dec	7,000	–372	16,204	none[5]	Paris, France	transportation	249.0
100 CIBA-GEIGY Group	Dec	6,923	268	9,771	2,186	Basle, Switzerland	chemicals	80.2

And the 25 runners-up

101 British Steel Corp	Mar	$6,914	$–1,563	$7,677	none[5]	London, UK	steel	120.9
102 Chubu Electric Power[6]	Mar	6,857	219	10,288	$2,525	Nagoya, Japan	utility	19.2
103 Mannesmann Group	Dec	6,827	115	4,716	1,297	Duesseldorf, Ger	industrial equip	106.7
104 Nippon Kokan KK	Mar	6,774	169	11,523	2,632	Tokyo, Japan	steel	34.0[6]
105 Czarnikow Group	Sept	6,726	10	143,255	none[5]	London, UK	commod broker	0.7[6]
106 Hyundai Group	Dec	6,700	35E	NA	none[5]	Seoul, Korea	multicompany	126.0E
107 Rhône-Poulenc Group	Dec	6,611	–62	5,810	none[5]	Paris, France	chemicals	89.4
108 Générale Occidentale	Mar	6,610	51	1,706	255	Paris, France	multicompany	56.0
109 Empain-Schneider Group	Dec	6,569	–63	10,338	43	Paris, France	industrial equip	107.0
110 AEG-Telefunken Group	Dec	6,565	4	4,792	242	Frankfurt, Germany	elec equipment	123.6
111 Fried. Krupp Group	Dec	6,566	NA	4,659	none[5]	Essen, Germany	steel	82.2
112 Sumitomo Metal Inds Ltd	Mar	6,260	223	9,377	2,745	Osaka, Japan	steel	30.1[6]
113 Peninsular & Oriental Steam Navigation Co	Dec	6,231	47	2,419	347	London, UK	multicompany	20.2
114 George Weston Ltd	Dec	6,196	73	1,601	346	Toronto, Canada	food distribution	60.8
115 Toa Nenryo Kogyo	Dec	6,181	72	3,613	1,630	Tokyo, Japan	energy	3.9
116 Bell Canada	Dec	6,164	467	10,500	2,881	Montreal, Canada	telecommun	101.6
117 Mitsubishi Electric Corp	Mar	6,161	158	5,502	2,294	Tokyo, Japan	elec equipment	47.9[6]
118 Chinese Petroleum Corp[6]	Dec	6,151	64	3,878	none[5]	Taipei, Taiwan	energy	20.0
119 Rio Tinto-Zinc Corp Plc	Dec	6,126	378	9,022	2,131	London, UK	metals	65.8
120 Grand Metropolitan Plc	Sept	6,040	324	5,362	1,870	London, UK	multicompany	131.7
121 Mitsubishi Bank Ltd	Mar	6,039	133	82,178	4,933	Tokyo, Japan	banking	16.4
122 Sumitomo Bank Ltd	Mar	6,034	147	81,395	4,964	Osaka, Japan	banking	16.3[6]
123 Nippon Mining Co Ltd	Mar	6,015	56	4,379	694	Tokyo, Japan	energy	5.9
124 Dresdner Bank	Dec	5,972	72	58,312	1,157	Frankfurt, Germany	banking	31.1
125 Fuji Bank Ltd[6]	Mar	5,959	151	81,759	4,964	Tokyo, Japan	banking	18.4

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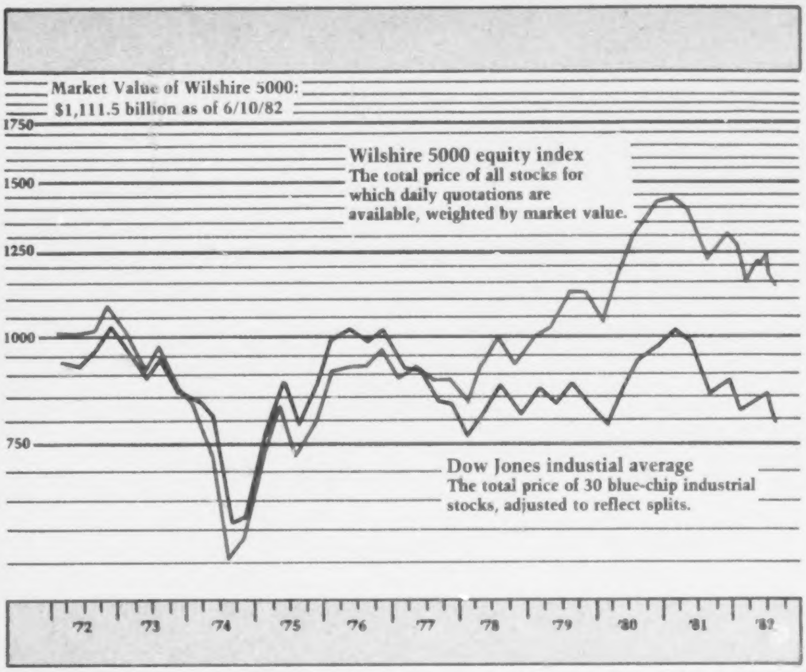
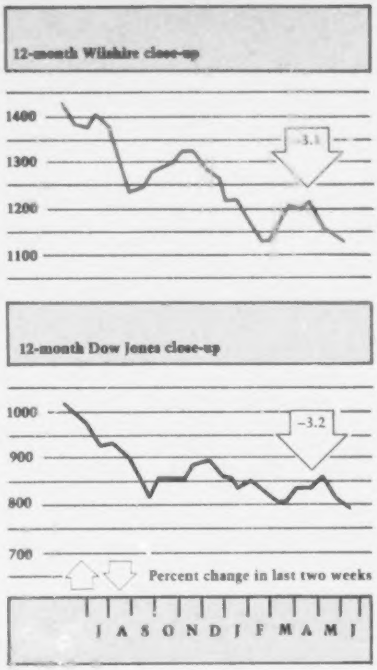
The Forbes/Wilshire 5000 Review





Swept away. Almost all the gains from the spring rally are now gone. The market as measured by the Wilshire index lost 3.1% of its value over the last two weeks, 7.8% over the last four weeks. The price tag on the four-week decline—over $101 billion in market value. The NYSE and the Dow industrials indicators show about the same two-week and four-week setbacks as the Wilshire index. The NASDAQ and Amex indexes were hit somewhat harder. In the most recent two-week period the NASDAQ index fell 3.9% and the Amex slipped 4.3%.

Over the past 52 weeks the Amex is off by almost 31%. Much of this decline can be attributed to oil-related issues. The Dow, in contrast, has been a pretty good gauge of Wall Street activity over the past year. This 30-stock index is behind 20.7% while the Wilshire, which currently contains 5,151 issues, is behind 20.5%.

Over the last year, many of the market focus groups declined more than the overall market. While the Wilshire index is down 20.5%, high-P/E stocks, for example, are off 30.2% and high-volatility issues are off 22.7%. Only low-volatility issues have been able to stay marginally in the black, with a 0.8% gain. The relative strength of this group comes largely from utility stocks and other defensive-type issues.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-7.8	-7.0	-7.7	-8.9	-8.7
in last 52 weeks	-20.5	-20.7	-18.9	-30.9	-22.9

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-10.5	-3.3	-9.8	-7.9	-4.9	-7.2	-9.0	-4.6	-8.4	-7.5
in last 52 weeks	-22.7	0.8	-30.2	-9.9	2.5	-15.6	-19.2	-6.9	-19.6	-18.6

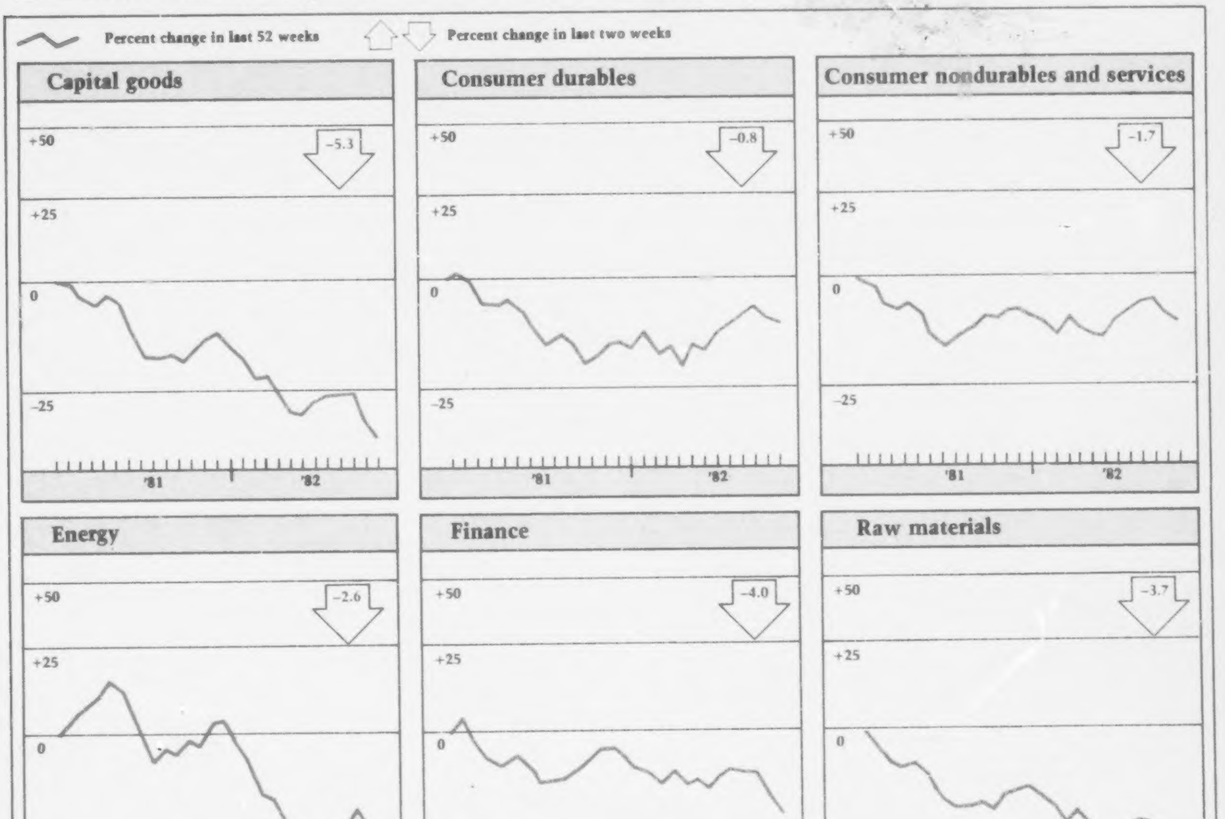
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/10/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Losers everywhere. All nine sectors declined during the recent two-week and four-week periods. On a two-week basis the biggest losses were registered by capital goods, off 5.3%, and technology, down 4.7%. Over the last four weeks capital goods again shows the greatest decline—an 11.5% drop. Hard hit, too, were the finance sector, with a 9.7% loss, and raw materials, down 9.6%. The two consumer sectors show the strongest performance, relatively, over the last two weeks. Consumer durables lost only 0.8% and consumer nondurables and services 1.7%.

All nine sectors now show losses over the past 52 weeks. The biggest setback is in capital goods, which is now behind 34.2%. Even the utility sector, which had been bucking the negative trend, is now 1.3% in the red. The only other groups that have lost less than 15% over the last year are the two consumer sectors.



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JULY 19, 1982 TWO DOLLARS AND FIFTY CENTS

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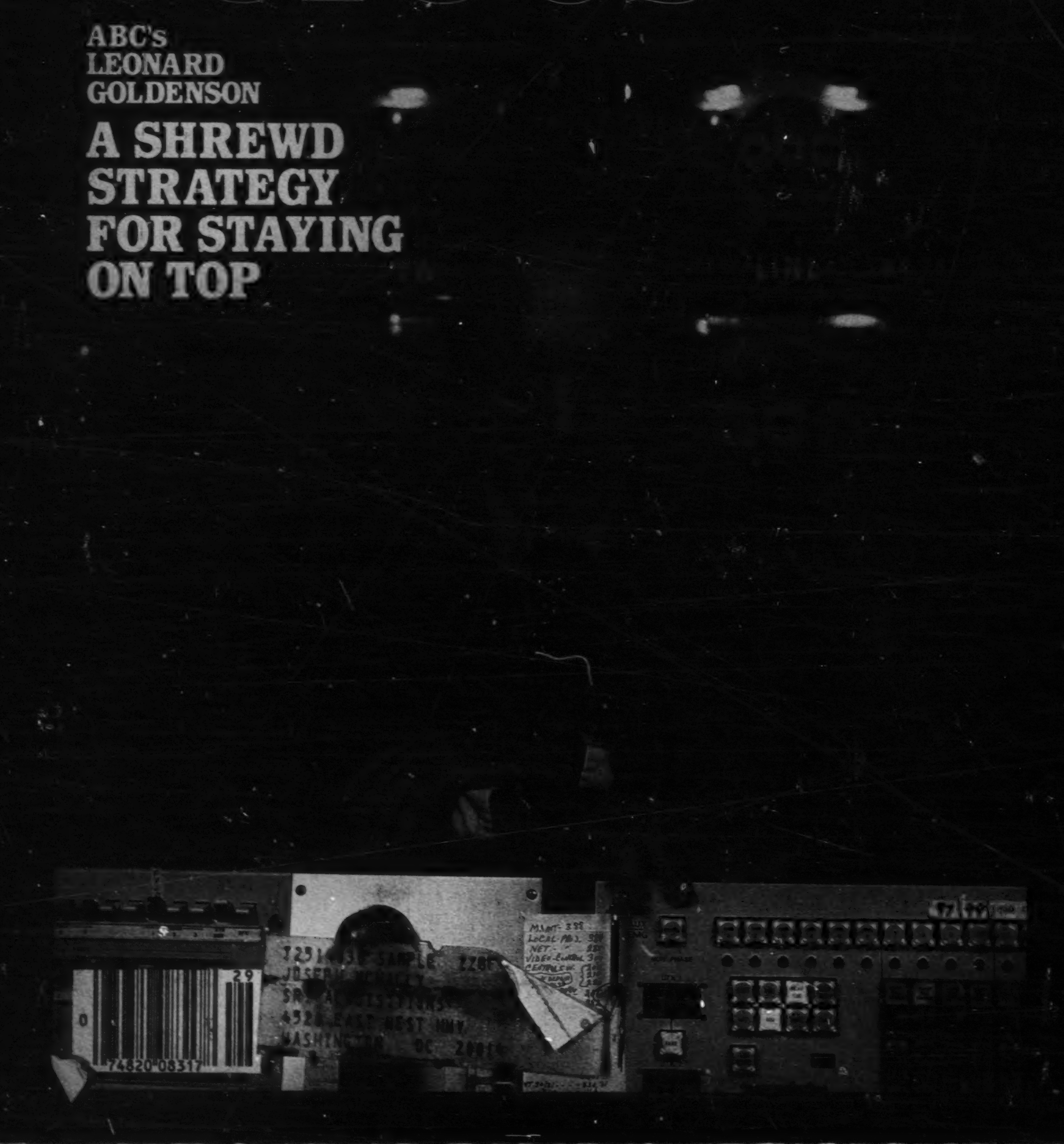
Forbes



MAINT-388
LOCAL PROD.
NET
VIDEO
CENTRAL

ABC's
LEONARD
GOLDENSON

A SHREWD STRATEGY FOR STAYING ON TOP

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WASHINGTON DC 2001
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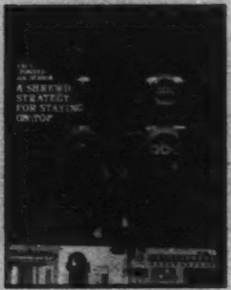
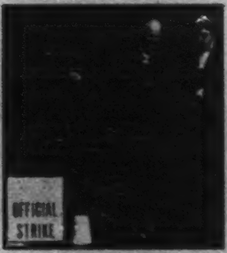
Forbes

July 19, 1982
Volume 130,
Number 2



66 Cover Story: "When radio came in, everybody thought the record industry was ruined," says ABC's Leonard Goldenson. Nobody misses the analogy.



32 Britain: Round One to Mrs. Thatcher.

54 Greif Brothers: "The things you decide not to do are just as important as the things you do."

31 Trade:
The Japan Lobby
Within the last five years it has quietly become the largest, best-funded foreign lobby in Washington, counting some famous names indeed among its 140 registered agents.

32 Britain:
Winter Of Discontent?
Margaret Thatcher humbled Argentina. Now she takes on a much more formidable foe—Britain's public-sector labor unions.

33 The Space Shuttle:
A Wobbly Orbit
Despite its technological dazzle, the final test flight of the *Columbia* holds little cheer for aspiring commercial users.

34 Companies:
Saxon Industries
The case of the mysterious "inventories." Now you see 'em, now you don't.

36 Pension Funds:
An Uncomfortable Doubt
They poured $10 billion into real estate in the Seventies. How much can they get out?

38 The Stock Market:
Du-op! Du-op!
Not rock 'n' roll music from the Fifties, but a little night music for the Eighties.

42 Companies:
International Gold Bullion Exchange
It doesn't deal much in bullion and it isn't an exchange. It's a company that found a way to make gold float.

43 Companies:
International Paper
While other paper companies are tightening their belts, Ed Gee is pouring $6 billion into capital improvements.

46 Companies:
SCM
Paul Elicker doesn't want to talk about it. Small wonder.

50 Companies:
Brown Group
There's hope for the heartland when a company this big and this old can do so well in the shoe business.

54 Companies:
Greif Brothers
Nobody ever said the meek shall inherit market share. But nothing says the old-fashioned virtues won't win in the end, either.

56 Companies:
Cooper Tire & Rubber
Why is it that what's bad for General Motors seems to be good for Cooper Tire?

60 Companies:
L.B. Foster Co.
Milton Porter is a man with a nice sense of timing. He had better be right this time.

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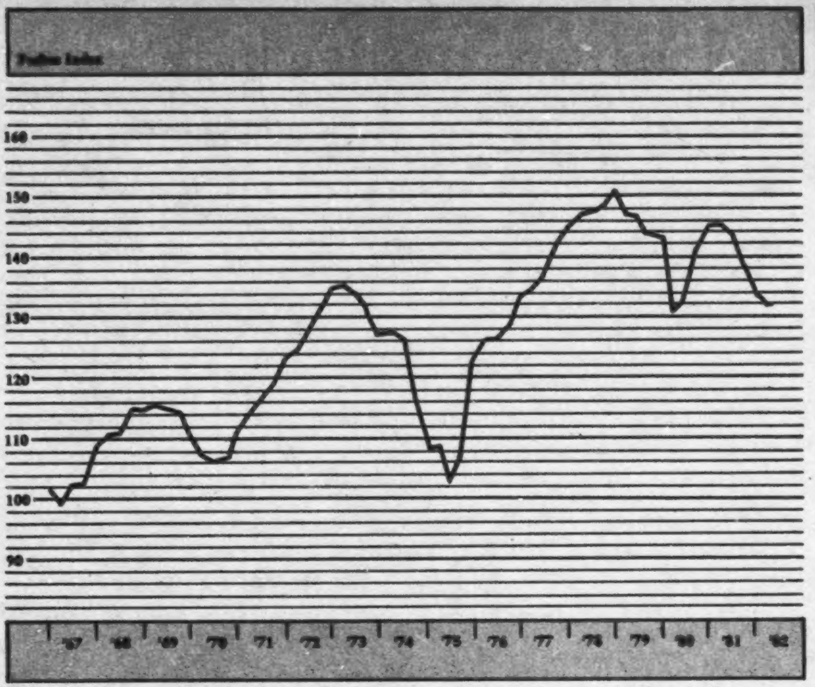
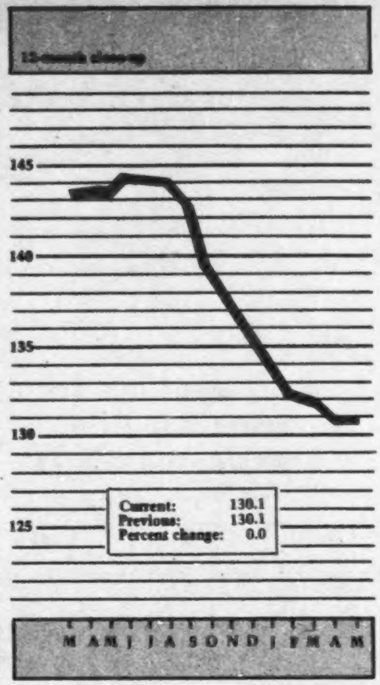
The Forbes Index





Slipping into neutral. The Forbes Index, ending its long skid, held its own during the most recent period. The good news is that personal income rose by 0.5%, while housing surged an unexpectedly high 18.1% in May.

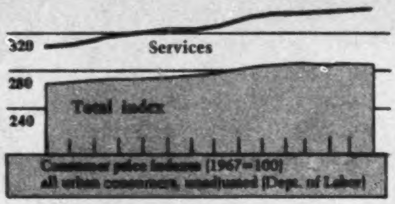
Offsetting those upbeat reports, however, were the numbers concerning industrial production and inflation. In May, industrial production was off 0.2%. Meanwhile, the Consumer Price Index rose a full 1%. That compares with a 0.4% increase in April.

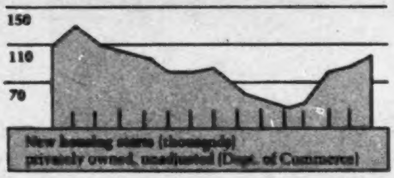
The rise in inflation, tied mainly to rising food and gasoline prices, is only temporary. The big question now is: How much stimulus will be provided by the tax cuts and Social Security payout boosts scheduled to go into effect on July 1? If consumer spending does pick up significantly, as most economists expect, a sustainable but weak recovery will begin in the third quarter.

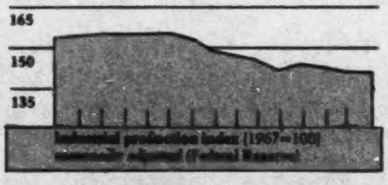
The Forbes Index Components

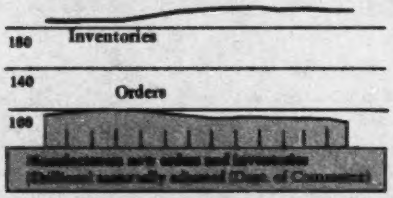
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

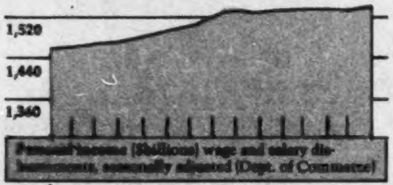
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

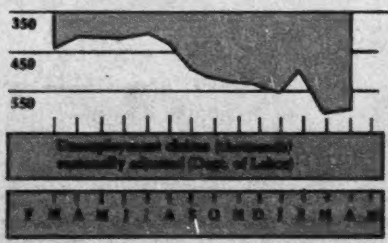


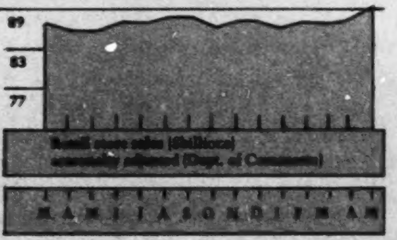


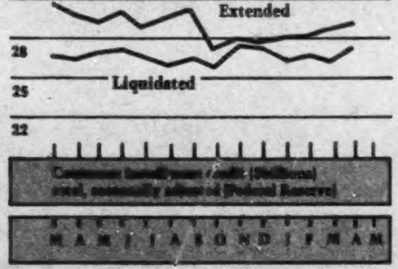












With the coming of the cable industry, few myths of American business have been as oversold as the demise of the TV networks. And the network whose obituary is the most premature is ABC.

Staying tuned to tomorrow

By Steven Flax

EVERYONE KNOWS that the days are numbered for the big TV networks. Cable TV and independent stations are slowly but surely stealing their audience. Last season the three networks' combined average prime-time share of market fell to a new low of 83%. And cable is still in its infancy. So much crepe has been hung on the networks lately that, by comparison, the airline industry's future looks downright rosy.

But the conventional wisdom exaggerates. While there is no question network television is in the midst of a major transition that will change the industry profoundly, there are three things a network can and must do to cope with the cable challenge. It must:

- Run a broadcast operation appealing enough to keep as large an audience as possible.
- Adjust its economics so that whatever diminution occurs in its broadcast audience, its profitability can be maintained.
- Invest in new technologies only to the extent warranted by reasonably expected returns.

One network gives promise of being successful at all three. That network belongs to $2.5 billion (sales) American Broadcasting Cos., Inc. Prime-time ratings notwithstanding (ABC came out four-tenths of a ratings point below CBS by the end of last season), ABC currently has the strongest program lineup in more different "day parts" on more days of the week. The demographics of ABC's audience still have the greatest appeal to advertisers. In addition, ABC, perhaps because of its past mistakes, seems best to have learned the lesson that a network can no longer count on yearly inflationary increases of 20% in advertisers' budgets. It has responded with sweeping cost-cutting measures that seem well designed to cope with declining revenue growth.

More important, ABC's strategy for coping with the cable challenge looks shrewder and more imaginative than the competition's.

Not for ABC videodiscs, wiring cities or grandiose movie-making ventures. When ABC moves, it moves cautiously and usually with someone else sharing the risks. It has teamed up with Getty to provide programming for its sports channel, with Westinghouse Broadcasting & Cable for two 24-hour news channels and with The Hearst Corp. for two ventures to develop cultural and women's service and information programming. That way ABC contributes its strengths as a programmer while keeping development investments low and operating costs under tighter control. ABC has also shown imagination in new ventures like the recently announced Home View Network, a potential rival for cable that requires only a fraction of the capital that cable requires.

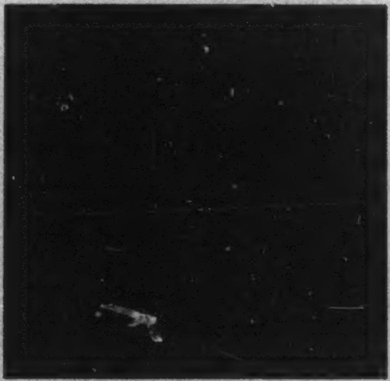
Shed of some bungled and ill-fitting diversification, ABC remains the industry's purest broadcasting play, with over 85% of revenues coming from broadcasting, including the radio and TV networks and five owned-and-operated TV stations.

If there is any concern about overconcentration at ABC headquarters, you would never have known it from what went on at ABC's affiliates' meeting in May. To promote solidarity with its 208 stations' owners and managers—its distributors—the network spends about $1.5 million on these three-day extravaganzas held at Los Angeles' luxurious Century Plaza Hotel. While the affiliates dine on filet mignon and fine vintages, they get to rub elbows with Bette Davis, Robert Mitchum and the Fonz, and ABC makes sure that plenty of Polaroid pictures are taken of its station managers with the stars so they can show their friends back home in Tyler, Tex. or El Centro, Calif. Then the fall lineup is introduced in a multimedia spectacular.

Meanwhile, ABC's longest-running series—its cast of top executives—keeps working the crowd. There's handsome, tan, affable Elton Rule, 65, the image of a corporate president if you could order one up from central casting. Some say Rule's most important contribution was making it possible for Freddy Silverman and Roone Arledge to work in the same building for years without killing each other. There is Dick O'Leary, lapel-grabbing and bombastic, whose group of owned TV stations consistently outperforms those of other networks. Then there is Executive Vice President Fred Pierce, O'Leary's polar opposite. The network's designated heir, Pierce is as quiet as O'Leary is loud. But in his 26 years with the company, the methodical Pierce has succeeded at every position he has had: research, sales planning and programming. There's also Jackie Smith, vice president of daytime programming, who, as queen of ABC's soap operas, is a wiry bundle of corporate profitability.

But no one so typifies ABC as Julius Barnathan, president of broadcast operations and engineering. Barnathan, who guided the development of much of the broadcast technology ABC is famous for, like minicams and closed-captioned broadcasting for the deaf, has a penetrating mind housed in the fireplug-like body of a Mafia hit man. Bulldozing his way around the cocktail party, with sushi dangling from chopsticks in both hands, Barnathan becomes apoplectic when asked if new cable technologies will doom broadcasting. "There isn't enough programming, so what good is the technology?" he barks. "Now they

ABC's longest-running series



1. **Leonard H. Goldenson**
   Chairman of the Board and Chief Executive Officer
2. **Elton H. Rule**
   President
3. **Frederick S. Pierce**
   Executive Vice President
4. **Herbert A. Granath**
   President ABC Video Enterprises
5. **Roone Arledge**
   President ABC News and Sports
6. **Julius Barnathan**
   President ABC Broadcast Operations and Engineering
7. **James E. Duffy**
   President ABC Television Network
8. **Richard A. O'Leary**
   President ABC-owned Television Stations
9. **Anthony D. Thomopoulos**
   President ABC Entertainment
10. **Bernard G. Hoberman**
    President ABC Radio
11. **Michael P. Mallardi**
    Vice President and Chief Financial Officer
12. **Everett H. Erlick**
    Senior Vice President and General Counsel
13. **Robert G. Burton**
    President ABC Publishing
14. **John C. Severino**
    President ABC Television

can bomb on 100 channels instead of just 3. You want some sushi?"

But nothing they had seen at previous meetings prepared the affiliates for the surprise they got when Roone Arledge, 51, president of ABC News and Sports, strode to the podium to introduce his guest speaker. Arledge, the man responsible for foisting Howard Cosell upon an unsuspecting nation, stunned the affiliates when he produced President Ronald Reagan, live by satellite, for a private press conference with them. When Reagan's enormous image appeared Wizard of Oz-like on the auditorium's movie screen, a gasp of amazement went through the crowd. It didn't matter that the delighted affiliates' questions were like slow-pitch softball ("Mr. President, are you in favor of less regulation of broadcasting?"), or that the President didn't give an exactly straight answer to any of them. When Reagan's image disappeared as genie-like as it had come, they sat there spellbound. No amount of expensive junketeering could have matched the effect.

Presiding over this team is Leonard Goldenson, who began his entertainment career running movie theaters, and went on to preside over ABC's triumph in TV broadcasting. Goldenson has his critics: Why, they wonder, should a man of 76 cling so stubbornly to the title of chief executive. But Goldenson brings a valuable perspective to the business. The affiliates listen intently as he says: "When radio came, the record industry was doing $100 million of business and everybody thought it was ruined," he said. "Now, after years of using radio to promote records, the record industry's sales are around $3.5 billion a year." Nobody missed the analogy.

Behind Goldenson's rhetoric is a homely truth. Cable may be the wave of the future but right now it has only a limited amount of appealing new programming. One interesting straw in the wind: Some executives at Home Box Office, the country's most successful pay-cable movie program service, have privately acknowledged to FORBES sources that, in each of the last three months, the disconnect rate has been running alarmingly above normal. In any case, there is only a limited amount of money out there to pay for cable programming (FORBES, *May 24*). Furthermore, there are limits to how much different programming viewers will absorb even if they have paid for it.

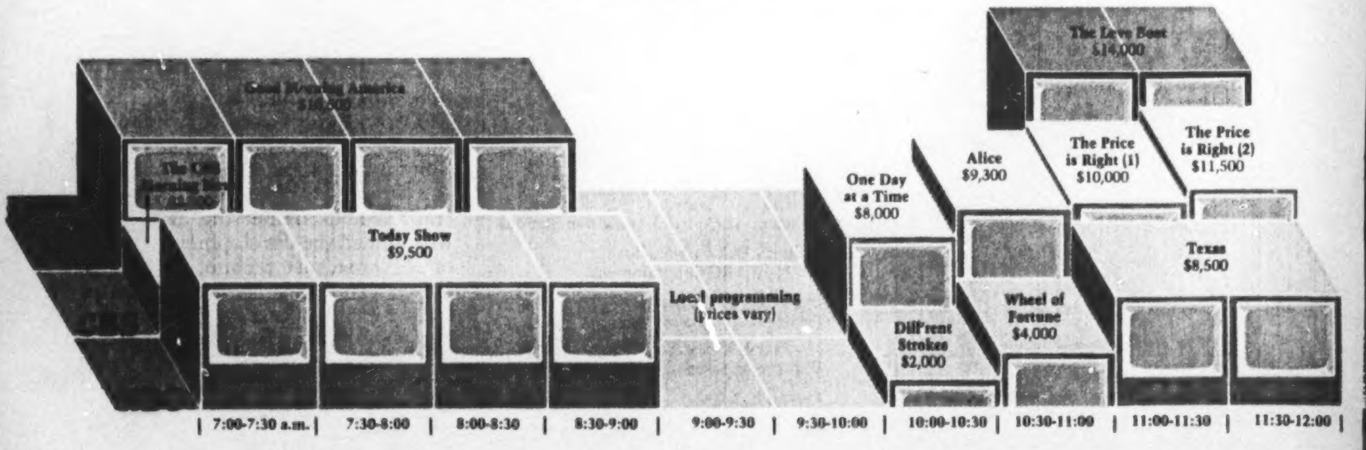
What about the threat ABC faces in its backyard, network TV, where CBS has been in first place in prime time for two years. By the end of the second half of last season ABC had cut CBS' lead to a hairbreadth 0.4 ratings points and had 13 of the top 30 series, compared with 12 for CBS and 5 for NBC. ABC also rallied with the two highest-rated new series premiering in 1982: *Joanie Loves Chachi* and *T.J. Hooker*. In addition, ABC's movies were highest rated—20.2 points, compared with 16.7 for CBS and 14.8 for NBC. Finally, ABC's *Monday Night Football* drew its largest audiences ever in 1981—over 27 million viewers.

But to understand ABC's real strength, one has to look a little deeper. Advertisers buy TV time based largely on the demographic makeup of the audience rather than just relying on ratings points. Whichever network is most cost effective at providing the audience desired by an advertiser is therefore the best buy.

In the case of most products that are advertised on TV, sponsors are looking for an audience of younger adults (18-to-49 years old) in urban/suburban counties. More advertising dollars are thrown at this group than at any other. According to studies by Nielsen and Simmons, ABC is the network most effective at reaching this audience.

When measured for its ability to reach this audience of adults 18 to 49 years old in prime time, ABC's performance last season improved dramatically. It won 29 of the half-hour time slots, compared with 13 for CBS and 2 for NBC. So even though last season was CBS' second year of regained prime-time ratings leadership and its commercials should have commanded a premium, ABC's sold at higher costs per thousands. As a result, ABC has the largest share (36.3%) of all prime-time advertising revenues.

Important as prime time is, the real earnings power of ABC's broadcast operations is in daytime TV. ABC's daytime schedule, including soap operas *Ryan's Hope, All My Children, One Life to Live, General Hospital* and *The Edge of Night*, has been number one in the ratings for 18 straight quarters. Over the last year, while CBS and NBC suffered declines in ratings, ABC registered increases to the point where its percentage of the vital 18-to-49-year-old female audience was greater than the other networks' combined. Its soaps often outdrew shows in prime time.



Love and money in the afternoon

ABC's commanding lead in daytime ratings turns directly into cash. The dollar amounts under the program titles in this chart are the average prices each network charged for a

Because of its commanding lead in the Monday-to-Friday daytime schedule, ABC controls more than 50% of all network daytime advertising dollars. That is not as much revenue as prime-time programming provides, since an average 30-second prime-time commercial fetches $75,000, compared with $16,000 for daytime. But more of that revenue is clear profit because daytime programming is so much cheaper to produce. A half-hour prime-time show can cost $350,000. For the same money ABC can produce a full week of hour-long episodes of a soap opera. So daytime shows, including its *Good Morning America* show, which last season increased its lead over NBC's perennially top-rated *Today Show*, are twice as profitable as prime time for ABC.

A contributing strength is that ABC owns and produces four out of five of its soaps. The other networks have long licensed some of theirs from Procter & Gamble under agreements that lead them to grant favorable rates to P&G for its commercials. This limits the revenues CBS and NBC can get from daytime TV.

Roone Arledge's News and Sports division is also on the upswing. ABC Sports registered the four highest-rated sports series this year, and big-ticket items like the 1984 Olympics are already starting to pay off. To recoup rights and production costs amounting to a whopping $452 million for the games, ABC is charging half a million dollars a minute for prime-time commercials. With a little over 75% of its commercials sold, the network is approaching the break-even point and is on its way to roughly $80 million in profits.

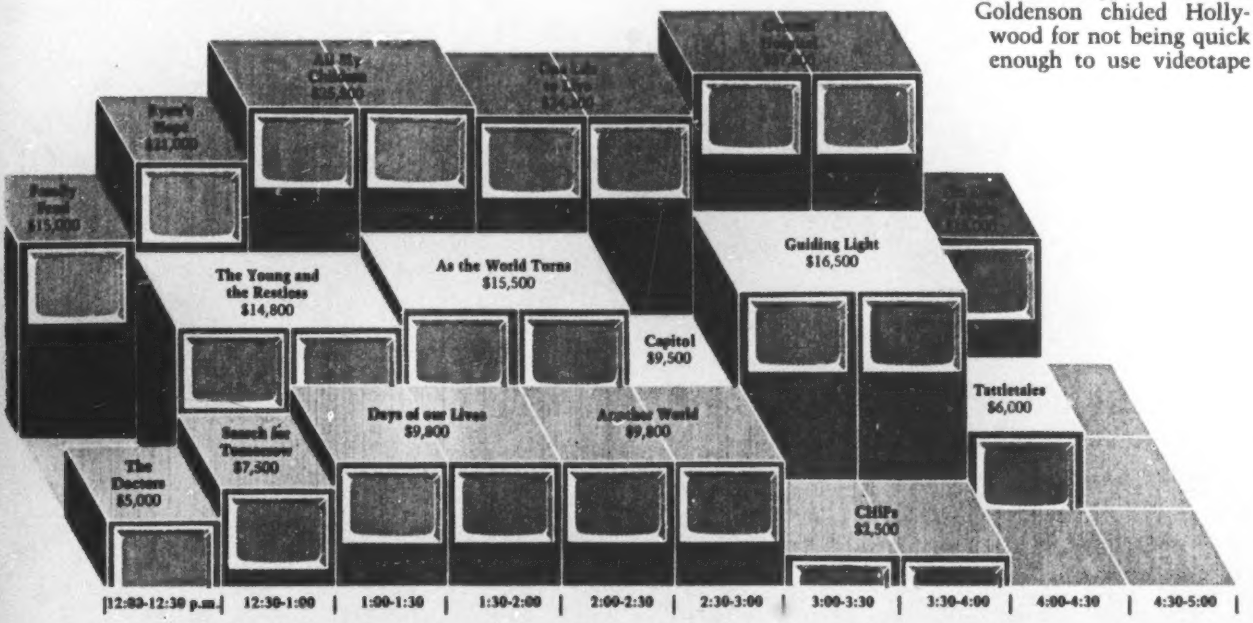
News, under Arledge's guidance, has turned around smartly. When Arledge took over in June 1977, ABC News' all-important evening show, anchored by the mismatched and fractious Harry Reasoner and Barbara Walters, had an 18% share. CBS News with Walter Cronkite had 30%, and NBC News with John Chancellor had 26%. Today, using an innovative three-anchor style, ABC is neck-and-neck with CBS for the network news ratings leadership and NBC is third.

All this has made ABC the largest advertising medium in the world: In 1981 its gross revenues of $2 billion were higher than those of any other network or publication. Unfortunately, until recently, ABC didn't have profit margins to match. In its intense drive for an additional ratings point or two, ABC allowed costs to skyrocket during 1976-81. With the exception of 1979, revenue growth decelerated every year after 1977, while costs grew faster almost every year.

As the ratings war heated up during 1976-81, the competition for prospective series grew to insane proportions. The networks began granting "relief" (compensation for production-cost overruns) almost as a rule, rather than forcing producers to live within their budgets. Salaries demanded by actors and writers were bid up. In one famous example, actress Suzanne Somers of ABC's *Three's Company*, in the fourth year of a five-year contract, demanded that her salary per episode be raised from $35,000 to $105,000.

That did it! Even though *Three's Company* was a hit and Somers its star, with her face on practically every magazine cover in America, the show's producer, NRW Co., turned her down and ABC made the rejection stick. ABC then started up a network-wide cost control program. "You had to lose individuals or programs to change the psyche of the creative community," says head programmer Tony Thomopoulos, president of ABC Entertainment: "We learned that in 90% of the cases we can afford to lose the [prospective new] show."

ABC also began putting the arm on its suppliers to work cheaper. Seeing that cable services like HBO were eroding the ratings ABC got for showing feature films, Goldenson went to the West Coast and told the studios bluntly that their films were no longer as valuable to him and that he was no longer going to bid as much for them. The other networks followed suit. Similarly, last month Goldenson chided Hollywood for not being quick enough to use videotape



30-second commercial during that show in the second quarter of 1982. Advertisers pay networks based on their share of audience. Thus, as ABC's share increases, its commercials command an increasing premium. What other networks can charge must fall proportionately, since their audience share decreases as ABC's grows.

and high-definition television technologies to produce films more cheaply. "Today we can shoot a half-hour prime-time comedy on tape for approximately $50,000 less per episode than we can shoot it on film," he says.

Such cost control was never more important than it is now. Advertising budgets are not growing as they used to. Among the 100-or-so large TV network advertisers who buy "upfront" (make advance commitments for) prime time, budgets are running just 14% above last year's. Moreover, as the networks gradually lose audience share to cable TV and independent stations, smaller shares of those slower-growing budgets will flow to them.

To compensate for the loss of revenues growth, ABC will have to generate supplemental income from new technologies. But the people who run ABC are determined not to be carried away with the new technologies and allow them to undercut ABC's hard-earned profitability.

In keeping with its newly raised cost consciousness, ABC is going about the ventures in a cost-effective way. Rather than spending $600,000 to film a command performance of Luciano Pavarotti, the famous tenor, at Carnegie Hall, ABC chose to buy the rights for ARTS, its cultural cable channel, to the same Pavarotti program previously filmed at La Scala for around $10,000.

Herb Granath, president of ABC Video Enterprises, is taking the same cautious tack ABC took 21 years ago in developing *Wide World of Sports*, which went on to become the number one rated year-round sports program on TV. Granath points out that presently there are so many channels to fill on cable, that many cable system operators are more interested in getting *more* programming than in getting the finest. "Achieving a major programming success is a lower priority for us than for our competitors," he says. "Cost control is much higher on our list of priorities."

The result: ABC's development losses in 1982 will probably be only one-third those of CBS' losses of about $60 million. The comparison may be even more favorable. ABC pays for these development costs out of earnings. CBS is capitalizing an undisclosed portion of its losses.

Because ABC has carefully kept the development burden manageable, its investment in new ventures can all be funded internally. It hasn't had to touch its bank credit lines or look outside for loans, as has CBS. Indeed, ABC's working capital grew almost $88 million in 1981, to $597 million; it had over 20% of its current assets—$194 million—in cash and marketable securities as 1982 started, and an enviable debt-equity ratio of 0.18.

Perhaps ABC's most interesting new venture is a recently announced national program distribution service called the Home View Network. HVN offers movies, sports, concerts, children's programming and, perhaps, legitimate theater, in a way that combines broadcast and videocassette technology. ABC's affiliates will transmit HVN's programming to videocassette recorder (VCR)-owning subscribers in their markets in a scrambled form during the middle of the night. Those subscribers set their machines to automatically record the encoded programs while they sleep and then play them back whenever they choose. When they become subscribers (for about $20 a month), a special decoder is connected between their VCR and television, allowing them to see the programming. Since the tape is in scrambled form, it can't be duplicated or shared with other VCR owners, so copyright is preserved. Because of this feature, movie companies are making their films available to HVN months before they release them to pay cable services. For the (now) approximately 4 million VCR owners, this form of electronic distribution of recorded video will be cheaper and much more convenient than going to stores to rent or buy tapes.

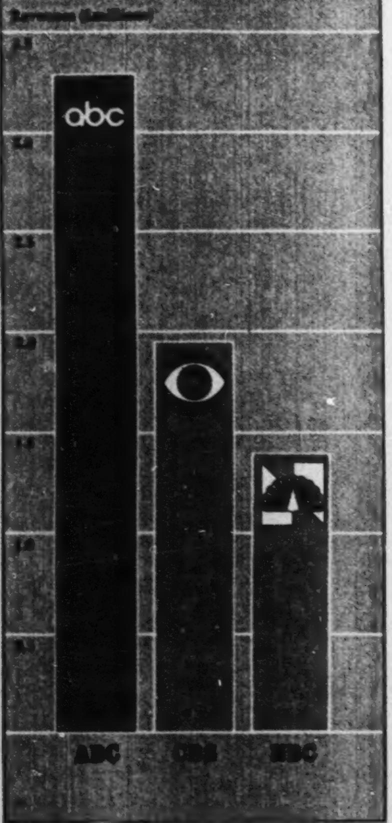
Unlike cable, HVN doesn't freeze out ABC's affiliated stations. Because the programs are encoded onto videotape before transmission, the affiliates won't have to modify their equipment. They will be able to broadcast HVN programs the same way they do other network shows. ABC will handle all the marketing and programming for the affiliates, asking only that they help with the advertising. In return, the affiliates will get network compensation for operating in a time period that never brought them revenues before. In the past, whenever a network announced some new cable venture, its affiliates grumbled that it was only worsening the competition they were facing in their home markets. Now, alone among the networks, ABC has figured out a way that allows its affiliates to participate with it in the new technologies.

The investment in HVN will be small because it uses ABC's existing distribution network and the VCRs purchased by others. So most costs of the system to ABC are variable. In fact, ABC's developing of HVN is like developing a cable system with all the trunk and feeder lines already in place. Compare that with CBS, which is paying for all the hardware of its operating cable system in Dallas, Tex.

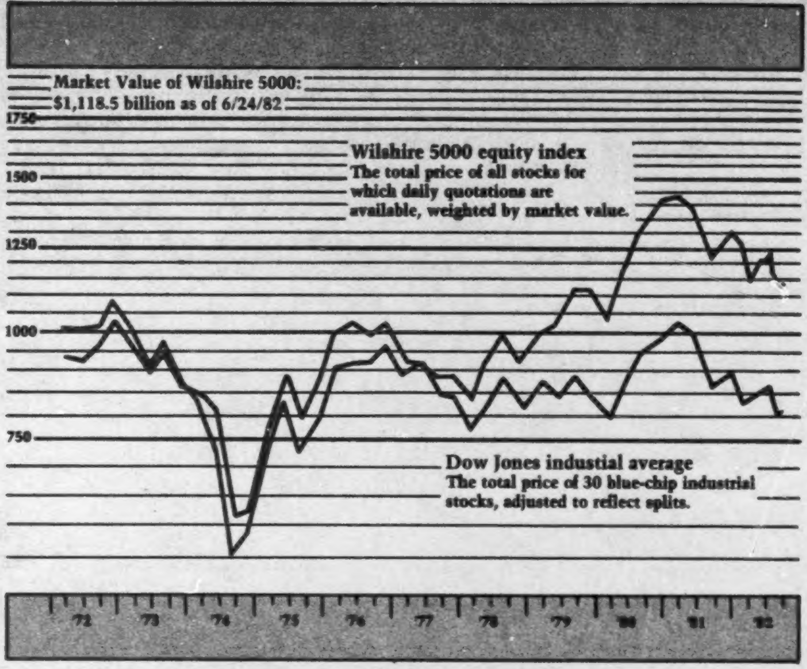
But perhaps ABC's greatest asset is its hardheaded view of what business it is in: *entertainment*. ABC executives don't view the company chiefly as a network broadcaster, nor are they intoxicated with the shining new technologies. They recognize network and the technologies for what they are in the entertainment scheme of things: distribution channels. An ABC executive puts it very well: "Anyone with programming has to use all available channels of distribution." Even if, as in the case of HVN, ABC has to invent an entirely new one. ■

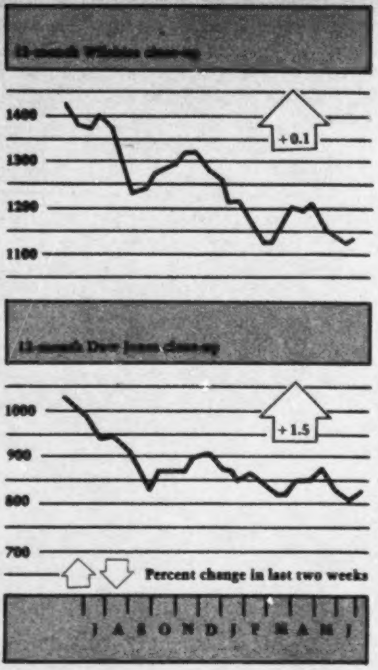
Daytime leverage

Commercial time costs more at night because the audiences are bigger. But the networks run twice as many "spots" by day—twelve 30-second units each half hour—so higher prices fetched by higher ratings are powerfully leveraged. Below, that leverage at work if all the networks sold all their time at top prices.



The Forbes/Wilshire 5000 Review





Black and blue. If you choose your indicators carefully, the market was barely in the black over the last two weeks. The Wilshire index, a measure of overall investment activity, is ahead by a mere 0.1%. The 30-stock Dow industrials, meanwhile, shows a 1.5% gain. The NYSE index and the S&P's 500 also eked out 0.2% advances. But Amex and NASDAQ stocks were unable to share in these meager gains. The average American Stock Exchange issue fell by 0.3% and o-t-c stocks lost 0.1%. During the last month the Amex dropped 4.5%, and for the year it is off by 32.2%. On the other hand, the Wilshire shows a 4-week decline of 2.9% and a 52-week decline of 20%.

Over the last two weeks, all the market focus groups were off more than the market. A close look at the data, however, indicates that investors seem to be selling off more at the market edges, while holding on to middle-of-the-road securities. There was a slightly stronger move, for example, away from more speculative securities, such as high volatility and high P/E stocks, than from their more conservative counterparts. This trend, though it seems to be abating slightly, has persisted for several weeks. It could mark the consolidation phase of a bear-market bottom.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–2.9	–1.8	–2.7	–4.5	–4.1
in last 52 weeks	–20.0	–18.7	–18.1	–32.2	–22.0

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $6
in last 4 weeks	–3.9	–2.3	–5.7	–3.0	–2.4	–2.6	–3.0	–2.1	–3.0	–4.7
in last 52 weeks	–21.4	–1.7	–29.1	–9.5	–4.4	–14.9	–17.9	–8.4	–18.5	–19.1

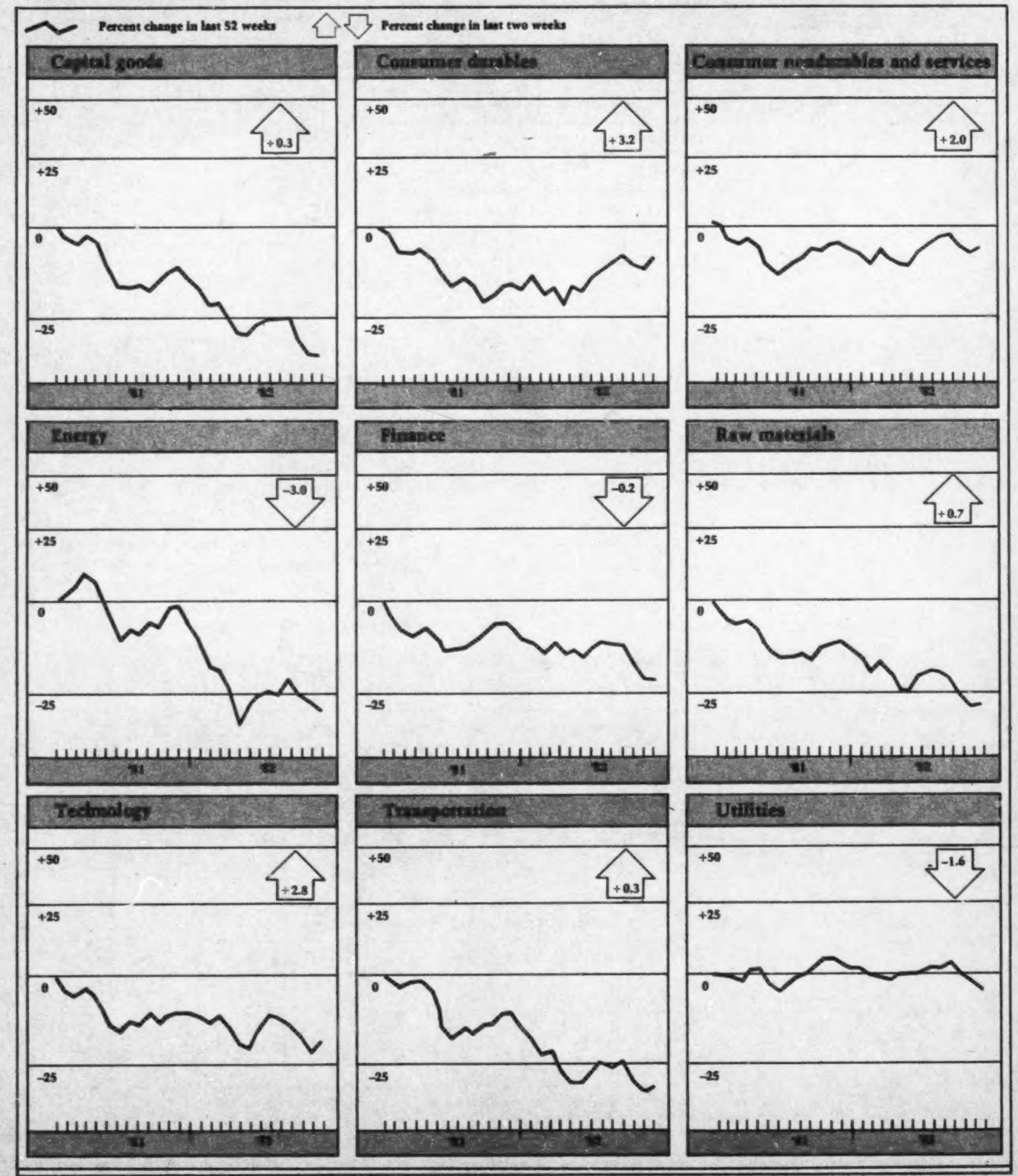
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/24/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Two bad apples. The market barely made it into the positive territory over the last two weeks, but it wasn't due to poor performance from the technology or consumer sectors. Technology issues advanced 2.8%, while consumer durables were up 3.2%. Consumer nondurables and services, meanwhile, gained 2%. Raw materials, capital goods and transportation stocks all stayed ahead, too, though with gains of less than 1%.

Once again, however, energy stocks helped to drag the averages down. While finance stocks lost 0.2% in the two-week period, greater damage came from the energy sector, which was off 3%. Utility stocks also did their share to hold the market back, with a 1.6% decline. Throughout the winter these defensive issues were a major area of strength. But this group's performance over the last 52 weeks is now several percentage points in the red.



Note: All data for periods ending 6/24/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

Over 1,200 corporations are running in the red. Some will not survive. Some others are bull-market long shots.

Reds II

By Steve Kichen

BACK IN 1980, we put together a list of 90 moneylosing firms under the headline "Red doesn't mean dead" (FORBES, *Sept. 29, 1980*). Since then, red became dead for many on that list. Others are still alive, but still losing. And a few became superstar performers.

Now, with more than 1,200 U.S. corporations showing red ink, here's a new list of these long, long shots—50 nonfinancial companies that lost at least $5 million in 1981 on sales of $50 million or more.

This is no game for the fainthearted. Check the update of the 1980 list on page 103 to see how scary it really is. Of the original 90 firms, 8 have since filed for bankruptcy. And 15 are repeat performers on the losers list this time. Investors lost 90% or more of their money on Braniff International, Seatrain Lines, Wilson Freight and Combustion Equipment, all now bankrupt. Other companies, such as International Harvester, off 89%, now teeter on the brink. Only 20 stocks gained 25% or more.

The turnaround stars? Soundesign, up 172%; M. Lowenstein, up 167%; Sheller-Globe, 104%; American Airlines, 92%. There were also 12 mergers, takeovers or buyouts by management. Elixir Industries, for example, went private, buying out its shareholders at a gain of 142%.

Perhaps the most interesting number of all, though, is what happened to the *overall* list. An investment of $1,000 in each of the 90 stocks in 1980 would now total $82,796, or a decline of 8%—almost exactly the decline in the S&P's over the same period. If a portfolio of down-and-outers can keep pace with the market under less-than-ideal conditions, then what are the prospects for these companies in better times? That's what keeps speculative investors licking their chops. ■

An un-nifty fifty

The 50 firms below—all with sales of over $50 million—lost a total of $3.4 billion in 1981, and the red ink continues to flow. No doubt the list contains some of tomorrow's turnarounds, but it also contains some potential obituary items. Almost all of them are selling at a fraction of book value.

		—1981—		—Earnings per share—			
Company/*business*	Recent price	sales (millions)	loss (millions)	latest 12 months	1981	Book value per share	Book/price
Ford Motor/*automobile*	23	$38,247.1	$–1,060.1	$ –8.11	$ –8.81	$61.06	2.65
Chrysler/*automobile*	6½	10,821.6	–475.6	–3.15	–10.31	d	NM
Intl Harvester/*agricultural equip*	3½	7,040.9	–393.1	–30.19	–8.64	39.76	11.36
Great A&P Tea/*grocery stores*	6	6,226.8	–231.6	–6.19	–6.19	8.08	1.35
Massey-Ferguson/*agricultural equip*	1⅞	2,054.1	–151.2	–4.56	–10.71	4.03	2.15
American Motors/*automobile*	3¼	2,588.9	–136.6	–2.45	–2.44	4.73	1.46
UAL/*airline*	16½	514.1	–70.5	–6.05	0.91	36.94	2.24
Western Air Lines/*airline*	5¼	1,059.8	–69.4	–6.21	–5.51	7.59	1.45
Eastern Air Lines/*airline*	5⅝	3,727.1	–65.9	–5.67	–3.44	13.79	2.45
Continental Air Lines/*airline*	3⅞	1,090.8	–60.4	–3.75	–3.92	8.50	2.19
KDT Inds/*retail*	1½	741.4	–52.1	–7.09	–7.09	3.71	2.47
Texas Air/*airline*	5⅞	719.4	–47.2	–13.17	–8.11	6.73	1.15
Republic Airlines/*airline*	4⅛	1,448.4	–46.3	–2.63	–1.91	3.28	0.80
Adams Res & Energy/*oil & gas*	3⅝	234.0	–39.1	–6.54	–6.78	d	NM
Ramada Inns/*hotels, casinos*	4⅝	415.9	–30.5	–1.45	–1.12	6.03	1.30
Allis-Chalmers/*agricultural equip*	12½	2,041.8	–28.8	–1.67	–2.86	44.57	3.57
Fuqua Inds/*multicompany*	16½	706.7	–28.2	–2.00	–2.26	3.15	0.19
Bird & Son/*building materials*	6½	276.6	–27.1	–7.94	–3.87	18.36	2.82
Centronics Data Comp/*computer equip*	9⅝	120.8	–24.5	–3.00	–4.08	7.81	0.81
Mesta Machine/*machinery*	3½	116.2	–24.3	–23.31	–24.60	9.31	2.66
Publicker Inds/*distilling*	1¾	167.1	–24.0	–2.91	–1.44	5.89	3.37
Pabst Brewing/*brewing*	20⅝	691.9	–23.5	–2.47	–2.88	29.31	1.44
MacMillan Bloedel/*paper & forest prods*	15	1,715.2	–20.7	–2.34	–1.51	26.37	1.76
World Airways/*airline*	2⅝	371.0	–20.2	–3.08	–2.06	NA	NA
Gen Refractories/*firebrick for steel ind*	3	409.8	–19.0	–5.55	–5.01	22.04	7.35

d: Deficit. NA: Not available. NM: Not meaningful. *Sources: Wilshire Associates; Standard & Poor's; FORBES*

Company/*business*	Recent price	1981		Earnings per share		Book value per share	Book/ price
		sales (millions)	loss (millions)	latest 12 months	1981		
Pan Am World Airways/*airline*	3½	$3,797.3	$–18.9	$–3.57	$–3.70	$11.05	3.16
Outlet Co/*broadcasting*	29¾	75.9	–18.0	–5.91	–6.76	d	NM
Filmways/*entertainment*	5⅝	94.6	–16.7	–2.59	–2.59	NA	NA
Tiger Intl/*airline*	7½	1,673.4	–16.6	–3.03	–0.98	19.17	2.56
Alpha Portland Inds/*cement*	12½	246.7	–16.3	–9.31	–9.31	22.25	1.78
Toro/*appliances*	5¾	247.1	–13.1	–2.69	–2.66	9.71	1.69
Shapell Inds/*building*	21	180.3	–11.6	–7.28	–5.89	52.08	2.48
Certain-teed/*building materials*	10⅞	891.5	–10.9	–1.82	–1.14	19.67	1.81
Pantry Pride/*grocery stores*	4¾	1,225.3	–10.6	–1.89	–1.39	d	NM
Rath Packing/*food processing*	⅞	465.4	–9.6	–3.32	–4.93	d	NM
Lamson & Sessions/*railroad equip, auto pts*	3¼	216.0	–9.0	–2.35	–1.71	8.64	2.66
Hudson Bay Mng & Smltg/*metals, oil & gas*	10⅞	326.0	–8.4	–2.74	–0.82	24.23	2.23
Recognition Equip/*information process sys*	4¼	131.5	–8.2	–3.89	–1.34	8.79	2.07
Kay Corp/*import & exp, retail jewelry*	9¼	644.3	–7.7	–2.52	–2.16	6.91	0.75
Munsingwear/*apparel*	13	131.2	–6.3	–4.25	–2.71	21.24	1.63
United Merchants & Mfrs/*apparel*	5⅞	669.6	–6.3	–2.75	–1.71	9.66	1.64
Basco/*specialty retail*	4½	130.7	–6.2	–6.81	–6.38	1.79	0.40
McIntyre Mines/*coal*	20¼	108.9	–6.1	–4.84	0.02	61.92	3.06
Driver Harris/*metals*	8¾	70.0	–6.0	–9.41	–10.23	NA	NA
Edward Hines Lumber/*building materials*	17½	264.9	–5.8	–6.48	–3.30	40.95	2.34
Instrument Systems/*electronics, hardware*	1⅜	114.0	–5.6	–2.22	–1.67	1.88	1.37
Wurlitzer/*musical instruments*	3¾	74.4	–5.5	–3.10	–3.10	12.53	3.34
Fedders/*climate-control equip*	3⅜	156.8	–5.4	–1.66	–0.66	d	NM
Roblin Inds/*building materials*	1¼	110.7	–5.4	–3.33	–2.24	1.41	1.13
Superscope/*consumer electronics*	2⅜	56.2	–5.2	–2.33	–2.27	7.73	3.25

d: Deficit. NA: Not available. NM: Not meaningful.

Sources: Wilshire Associates; Standard & Poor's; FORBES

Ashes and diamonds

Here's what happened to the stock prices of FORBES' first "Red isn't dead" list of 90 moneylosing companies September 1980.

Company	% change in price	Company	% change in price	Company	% change in price
American Airlines	92%	Fotomat	–33%	Roblin Industries	–78%
American Biltrite	5	Gateway Transportation[2]	37	Ronson	–24
American Motors	–40	Gino's[2]	71	Salem Carpet Mills	–25
Arctic Enterprises[1]	–50	Goldblatt Brothers[1]	–89	Sambo's Restaurants[1]	–67
Bibb	45	Great A&P	–10	F&M Schaefer[2]	56
Bobbie Brooks[1]	–66	Hayes-Albion	–35	Seatrain Lines[1]	–96
Braniff Intl[1]	–90	Edward Hines Lumber	6	Sheller-Globe	104
Cagle's	–48	Instrument Systems[4]	–85	Soundesign[2]	172
Champion Home Bldrs	120	Intl Foodservice[2]	–64	Spector Industries[2,5]	–80
Chrysler	–28	Intl Harvester	–89	Standard Products	15
City Stores	–27	Itel[1]	–65	Superscope	–62
Coachmen Inds	35	Keystone Consolidated	4	Susquehanna	–7
Combustion Equipment[1]	–100	KLM	1	Talley Inds	–23
Commonwealth Oil	–92	Laclede Steel	–17	Texfi	–45
Continental Air Lines	–52	M Lowenstein	167	Trans World Corp	8
Culbro	166	Manhattan Industries	89	Tyson	10
Dayton Malleable	–34	CH Masland	–13	UAL	–18
Ehrenreich Photo-Opt[2]	24	Massey-Ferguson	–74	UNC Resources	–66
Elixir Industries[3]	142	McLean Trucking[2]	55	Uniroyal	67
Envirotech[2]	1	McLouth Steel	–79	US Steel	–19
Facet Enterprises	5	Memorex[2]	–10	Valmac Industries	–14
Fedders	–18	Monfort of Colorado	44	Victoria Station	–16
Filmways	–32	National Kinney	–29	Vornado	–34
Firestone	54	Orange-co	0	Ward Foods[2]	22
First Pennsylvania	–39	Ozark Airlines	71	Westmoreland Coal	–24
Fischer & Porter	–37	Pan Am World Airways	–38	White Motor	–95
Fleetwood Enterprises	91	Penn-Dixie Industries	–79	Wilson Freight[2]	–100
Food Fair (Pantry Pride)	65	Raybestos-Manhattan	–47	Winnebago Inds	117
Foodarama	0	Republic Airlines	–49	World Airways	–48
Ford Motor	–19	Robintech	–61	WTC	–7

[1] Company filed for bankruptcy within period 9/80 to present. [2] Company merged or acquired within period 9/80 to present. [3] Company went private.
[4] Reverse 1/10 split in 1981. [5] Spector division of TeleCom filed Chapter 11 in 1981.

At the present time, wheat and corn can be traded by taking advantage of their widely different harvest times.

WHEN IT'S IN THE BIN

By Stanley W. Angrist

Based on crop conditions as of June 1, the harvest should be an exceedingly bountiful one. (Of course, much can happen between now and when the crops are in the bin.) For us eaters, that is good news indeed. For American farmers, who have pulled in several successive excellent crops, it's not such great news. It all depends on your point of view.

The U.S. Department of Agriculture estimated the winter wheat crop at 2.13 billion bushels, 2% above the previous record crop of 2.10 billion bushels harvested last year. Despite large shipments in the final two months of the old crop season, exports fell short of the USDA's estimate, and final stocks increased about 17%. June 1 stocks of wheat are at near-record levels. One can add to that sobering fact that other wheat-exporting nations of the world—namely Canada, Australia and Argentina—have rather grandiose planting intentions.

The demand side of the equation is just about as gloomy. Demand is being pressured by a global recession and high U.S. interest rates, which are producing a strong dollar. The strong dollar in turn makes our exports dear. Potential demand from the Soviet Union is minimal as they await the outcome from their crop. Moreover, they have purchased wheat from other exporting nations, leaving the U.S. as a residual supplier. The tight credit policy instituted by the Administration toward the U.S.S.R. adds to the bleak picture for exports to that country. It is well to bear in mind that in the 1981-82 marketing year, the Soviets purchased 250 million bushels of hard red winter wheat (HRW). This was 33% of total U.S. HRW exports and 14% of total U.S. wheat shipments. The new season began June 1, and Russia has yet to purchase any of our wheat for shipment this marketing year.

If you think the fundamentals for wheat are bad, you will find that there is not much solace to be derived from the prospects for corn. But most observers feel that the total acreage planted to corn will fall far short of the February planting intentions of 84.7 million acres.

Recent quarterly reports on corn stocks have been encouraging from a couple of points of view. It appears that domestic feed usage has increased about 7% from a year ago, even though overall U.S. animal numbers are down. What's more, corn exports in the last couple of months have averaged close to 50 million bushels a week. This pace cannot be maintained unless forward sales of corn increase. Stocks of corn on June 1 stood at a record 3.8 billion bushels.

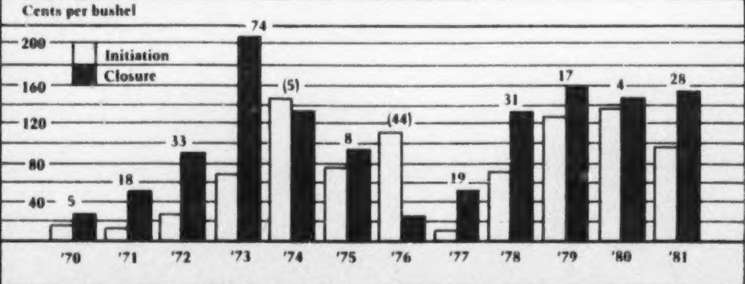
These fundamentals may be traded by taking advantage of the different harvest periods for wheat and corn. The greatest pressure in the wheat market comes in early July, as the winter wheat harvest ends. The greatest pressure in the corn market comes in the fall, as the corn harvest is being completed. This leads one to examine a spread of long December wheat/short December corn.

Shearson/American Express noted in a recent report that during the period 1970-81 the spread made its low in 9 of the 12 years by the middle of July. As the chart shows, the spread has had some unusually profitable years and only 2 losers out of 12. I would try to do this spread with wheat carrying no more than a $1.05 premium to corn. I would look for the spread to widen about 50 cents ($2,500 per spread), risking no more than 20 cents ($1,000) from my entry level.

Margin on this spread is about $1,200, while the round-turn commission is about $100. ■

Harvesting the difference

When a spread is profitable 10 out of 12 years, then it's always worth a second look. And this spread seems to be most profitable when put on after June 11 and taken off before Nov. 12. Colored bars are the average spread difference at initiation; grey bars are the average spread difference on closure. Numbers over the bars are the profit or (loss) in hundreds of dollars for that year.



Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

AUGUST 2, 1982 TWO DOLLARS AND FIFTY CENTS

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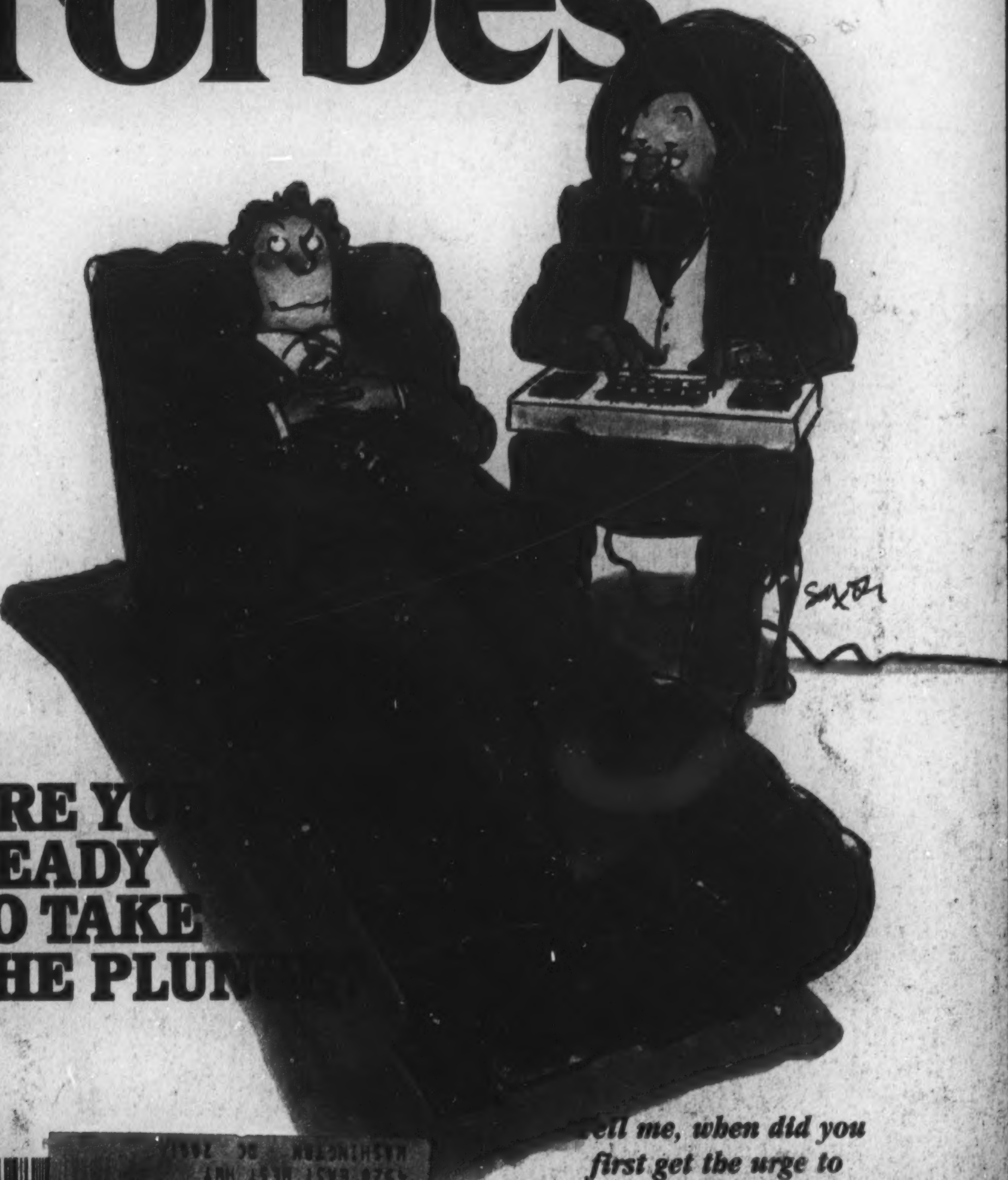

ARE YO
READY
TO TAKE
THE PLUN

ell me, when did you first get the urge to buy a home computer?"

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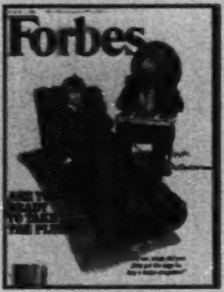
Forbes

August 2, 1982
Volume 130,
Number 3



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Leslie Wexner built his Ohio-based apparel chain by catering to the fashion-conscious younger woman. Now he's bought sleepy old Lane Bryant, whose average customer age is 48. A demographic coup, clearly—but was that the only reason?

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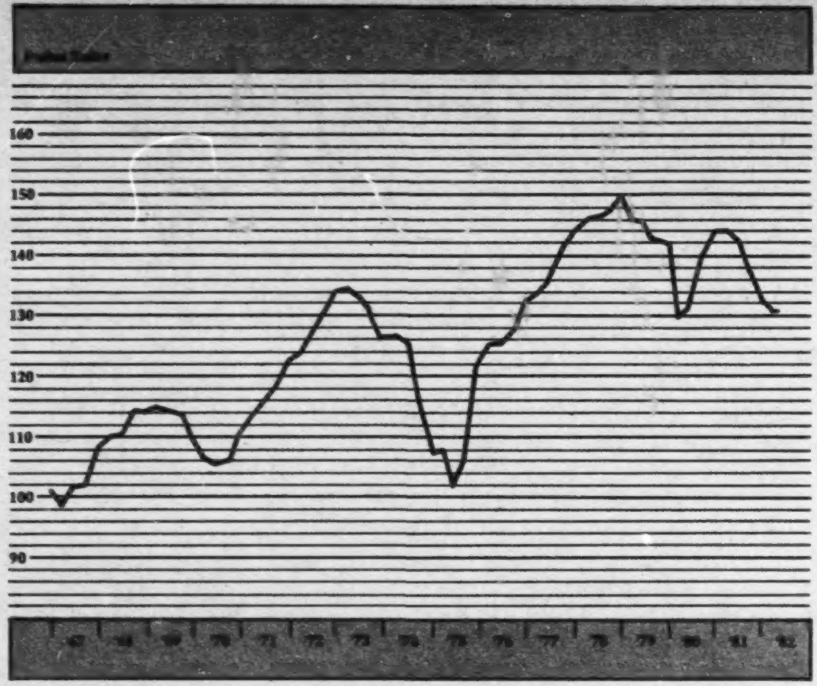
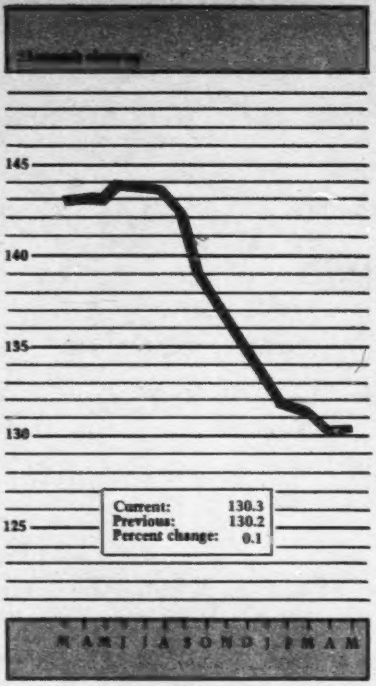




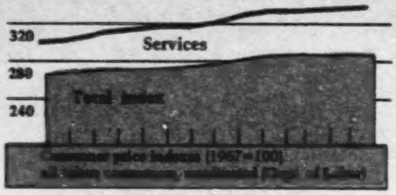
Breaking away. For the first time in more than ten months, the Forbes Index posted an advance. However, not all the components made favorable moves. Unemployment, for example, continues to rise. Claims for May increased by 2.6%. New factory orders, however, rose by 0.6% during the latest reporting period. As a result, manufacturers may soon begin hiring again. On the other hand, businesses are still extremely cautious. During May, manufacturers' inventories fell by 0.6%, indicating that corporations are more concerned with cutting costs than with spending money.

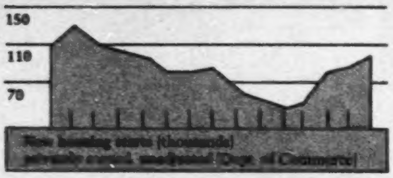
The best news is that consumers, who must lead the recovery, are already starting to spend. Consumer installment debt increased by a respectable 1.8%. The recovery, widely predicted to begin during the third quarter, may be arriving on schedule.

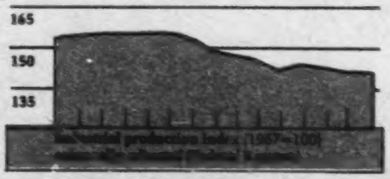
The Forbes Index Components

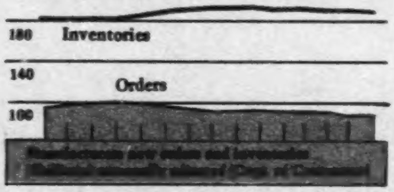
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

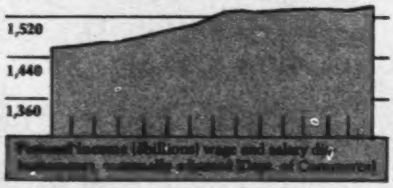
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

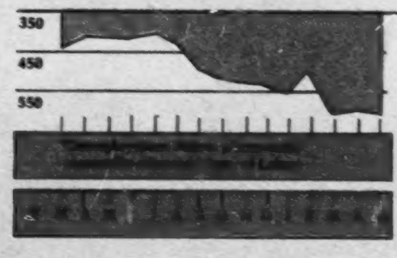


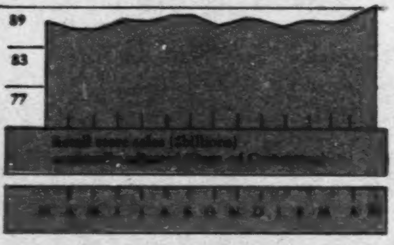


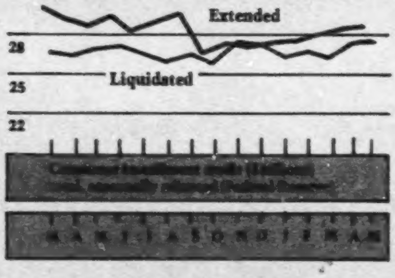












Suggestion to hard-pressed managements looking for cheap money: Why not ask stockholders to forego a dividend?

A modest proposal

By William Baldwin

Caterpillar Tractor has 16,700 employees on layoff, is planning to cut salaries 3% to 10% and has just announced first-half earnings off 83%, to 59 cents a share. Its blue-chip shares have dropped by 43% in a year. But it has raised its dividend to $2.70, *vs.* $2.40 last year.

American Telephone & Telegraph paid out $4.4 billion in dividends last year, then turned around and raised $3.2 billion in sales of new shares.

Is it in stockholders' best interest to borrow money or dilute the equity in order to pay dividends—which is what many of these companies are doing? It's one reason International Harvester is on the brink today. While it was borrowing huge amounts at ever-increasing interest rates, IH management was paying out common dividends totaling over $500 million. A prudent dividend policy? Or a profligate one?

Many corporations, anxious to placate shareholders, are paying out cash they desperately need. General Motors distributed $718 million last year, when it strained to show a profit of $333 million and increased long-term debt by $1.9 billion. At a time when employees are taking cuts and vital capital spending is being deferred, is there any reason stockholders couldn't forego a dividend or two?

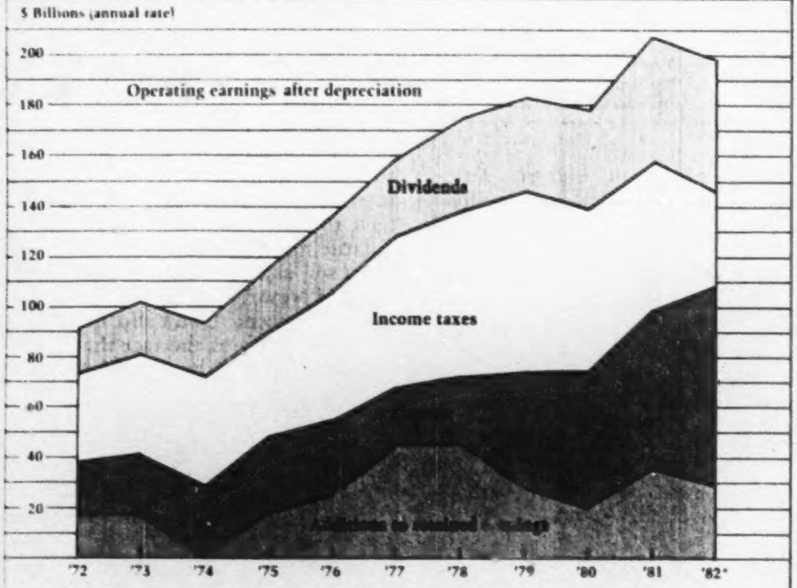
If they did so, Uncle Sam would share their burden. The U.S., unlike most big European nations, levies two taxes on the stream of earnings from which dividends are paid: a corporate tax at up to 46% and a personal income tax at up to 50% on the dividends. Retained by the company and invested wisely, those same dollars are taxed but once and serve to enhance future earnings.

Why, then, do companies treat dividends as sacrosanct? "We have a lot of small shareholders who buy the stock for income," says J. Carter Bacot, chairman of the Bank of New York—a common explanation. His bank has been paying dividends without interruption since before George Washington's first term. It is not about to stop now.

Economists have expended much

Capital offenses?

Dividends were up in the first quarter of this year—to a $55 billion annual rate for nonfinancial corporations. That left very little for capital formation in spite of a tough profits squeeze. (The profit total represents reported results less an allowance for inflation-caused inventory gains and inadequate depreciation deductions.)



* First quarter

Source: U.S. Department of Commerce; Federal Reserve Board effort trying to unravel what they call the "dividend puzzle"—the nearly universal habit that, finance theory says, enriches the IRS rather than shareholders. Associate Professor David Mullins of Harvard Business School has recently completed exhaustive statistical work and come up with an answer: Dividend increases boost stock prices, above and beyond the effect of earnings increases often announced at about the same time. "Cash has credibility," he says. "By paying dividends you can convince investors that things are going well." In his world, managers are acting in the best interest of shareholders. Dividends are a "signal."

But a costly, irrational signal in these days of high taxes and high interest rates. And pity the shareholder who always takes it at face value. Braniff, Chrysler and International Harvester all continued dividends after several quarters of heavy losses, aggravating their troubles.

The big gainer is Internal Revenue: The tax liability on dividends exceeds $10 billion a year. (Some investors, of course, are exempt from current taxes: pension funds, college endowments and, under an exemption granted in 1981, small holders of most electric-utility shares.)

Wouldn't it make sense for shareholders who need income to sell a portion of their investment periodically, thus garnering cash at a lower tax rate and counting on capital gains to counter the dilution of their equity?

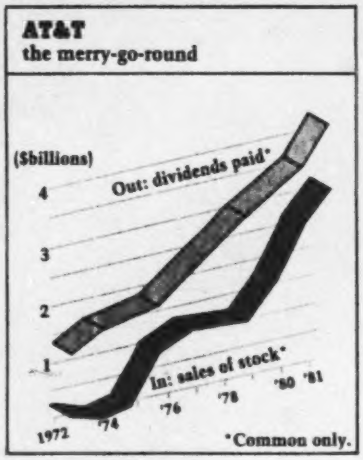
But dividends have a powerful constituency. Virginia Dwyer, the AT&T treasurer who answers to 3 million shareholders, bridles at the suggestion that dividends are superfluous. Capital gains are elusive, she says, dividends a surer thing. "In one case [the stockholder] is getting a predictable income stream. In the other he's going to have to sell part of his past investment, and the amount he's going to have to sell will be dependent on the volatile marketplace."

To sell shares, argues Bacot of the Bank of New York, is to violate that ancient precept, Don't dip into capital. Bacot ignores the fact that companies like GM that pay dividends they don't earn are dipping into capital. (And bondholders have been living off capital for a generation, often without even realizing it.)

Another defense of dividends runs like this: Retained earnings are fine for the Digital Equipments of the world, so flush with opportunities that they can plow back all earnings and still turn in a 30% annual growth in earnings per share. What about ma-

Divvying up

These three blue chips have this in common: They're big dividend payers. But one is a regulated utility, one a mature manufacturer, the third a leader in technology, and so the impact of their dividend policy varies.

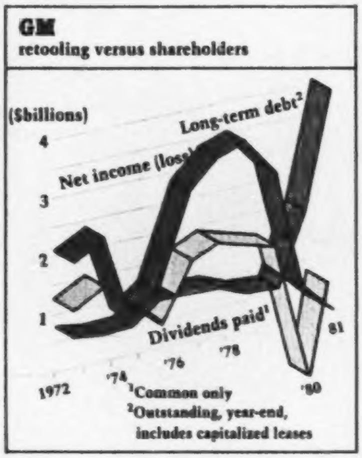


AT&T
the merry-go-round

*Common only.

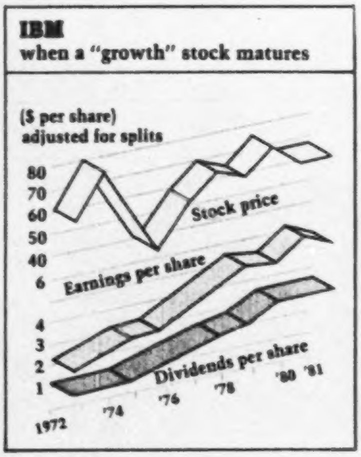
Bell Telephone's steady habits—it just sent out its 400th consecutive quarterly dividend—make shareholders happy. But New York University Professor Edwin Elton thinks the company is chasing its tail. "It's very difficult for me to see where a shareholder is better off if a firm goes out and gets new capital and then pays it out as dividends," he says. AT&T Treasurer Virginia Dwyer disagrees: The $4.4 billion of dividends came from profits on existing equipment, she says, while the $3.2 billion in new equity finances expansion. But how do you tell one dollar from another?

Despite the Japanese inroads and two years of meager profits, General Motors remains the world leader in its industry. But should it continue that 60-cent quarterly dividend? Meeting foreign competition meant outlays last year of $3.2 billion for special tools and $6.6 billion for capital expansion. Earnings plus the cash flow from depreciation allowances weren't enough. It had to borrow.



GM
retooling versus shareholders

[1] Common only
[2] Outstanding, year-end, includes capitalized leases



IBM
when a "growth" stock matures

In the exuberant Sixties, Wall Street paid 60 times earnings for IBM and accepted a dividend yield of 1%. The return was supposed to come mostly from capital gains. The stock market debacle of 1973-74 made that idea unpopular; now, it seems, the only good thing about IBM is its dividend yield of 5.6%. But the capital gains advocates of the go-go years were right about the fact that dividends are a poor way to compensate capital. Their mistake was to conclude that stocks could only go up.

ture industries that throw off cash? Isn't that cash better off in shareholders' hands? Management might use it to finance an overpriced acquisition or indulge in capital spending with doubtful prospects for payoff. But that is perhaps the lamest argument of all for dividends. It assumes that management is incompetent to handle the money. If that is so—and it may be in some cases—why own those stocks at all?

What are the alternatives to dividends in companies with more cash flow than they need? Although many businessmen consider the practice almost sinful, buying in your own stock sometimes makes a lot of sense. Corporate stock repurchases, indeed, are just back-door dividends that escape the tax collector. Among the companies that have discovered the trick are Capital Cities Communications, which has in recent years spent about 10 times as much on repurchases as on dividends, and Tandy Corp., whose current yield is nil *(see table).* Tax minimizing, of course, is never admitted as a motivation. "I just thought it was an alternative use of our capital," says Capital Cities Chairman Thomas Murphy.

The stingy Crown Cork & Seal has paid no dividend since 1956. It has doled out millions buying in stock. Investors who haven't sold have been rewarded in a different way: Earnings per share have compounded at a 25% annual rate over the past 25 years. The company, run since 1957 by the tightfisted John F. Connelly, seems more interested in long-term growth in earning power than in temporary hikes in the stock price.

Repurchasing stock seems to be a strategy gaining favor, says Charles Plohn Jr., a Merrill Lynch vice president, with volume currently running above 100 million shares a year. But the conventional financial strategies—typified by high dividends and costly acquisitions—still prevail.

Some managers regard stock repurchase as a strategy of despair. Echoing Winston Churchill, they declare they did not rise to power to liquidate the great companies whose first ministers they have become. But to others, repurchasing shares is a testament to faith in the company's future. Warren Buffett, the Omaha financier who has thought deeply and well on the subject, says it is foolish to pay 12 times earnings to acquire an outside company while passing up your own stock at 6 times earnings.

What about American industry? Isn't shrinking your capitalization depriving Americans of jobs? This argument, too, falls apart because the capital released by a company that shrinks its capitalization simply flows back into the capital stream for more efficient use elsewhere.

In short, a stock is not a bond—although many shareholders and many managements fail to understand the distinction. But so long as investors fail to differentiate between a piece of paper that brings current income (a bond) and one that conveys a stake in growth (a stock), many managements will continue to pay out more in dividends than is good for their companies. They will be doing so because it is easier for them that way. Says MIT Professor Fischer Black, after years of studying the dividend puzzle: "Corporations are acting sensibly. It's the shareholders who are acting strangely in marking up the price of the stocks that pay the higher dividends." ■

Generous to a fault

These ten companies are short of earnings but big with payouts.

	1981			12 months			
Company/*business*	sales (millions)	earnings (millions)	Interest coverage	EPS	dividends	Recent price	Yield
Ashland Oil/*oil*	$9,262	$90.0	2.6	$2.30	$2.40	24¾	9.7%
Beneficial/*finance*	2,324	−11.6	NA	−1.03	2.00	16½	12.1
Clark Equipment/*constr equip*	1,360	29.9	1.5	1.60	2.20	19½	11.3
Crown Zellerbach/*forest prods*	3,148	75.3	2.5	1.96	2.30	19¾	11.6
Diamond Intl/*packaging*	1,289	31.8	2.0	2.33	2.20	37¾	5.8
Emery Air Freight/*air transp*	579	18.7	2.9	0.82	1.00[1]	7⅞	12.7
Fruehauf/*trucks*	2,175	21.4	1.4	0.45	1.90[2]	18½	10.3
Hoover/*appliances*	750	−18.8	INE	−1.65	1.00	10	10.0
Pittston/*coal*	2,228	42.7	3.7	1.10	1.20	15¼	7.9
FW Woolworth*/*retail*	7,223	81.9	3.5	2.18†	1.80	18⅜	9.8

NA: Not applicable. INE: Interest not earned. [1]Current rate: $0.50/year. [2]Current rate: $1.40/year.
*12 months through May 1982. †12 months through April 1982.

Sources: Value Line; Standard & Poor's

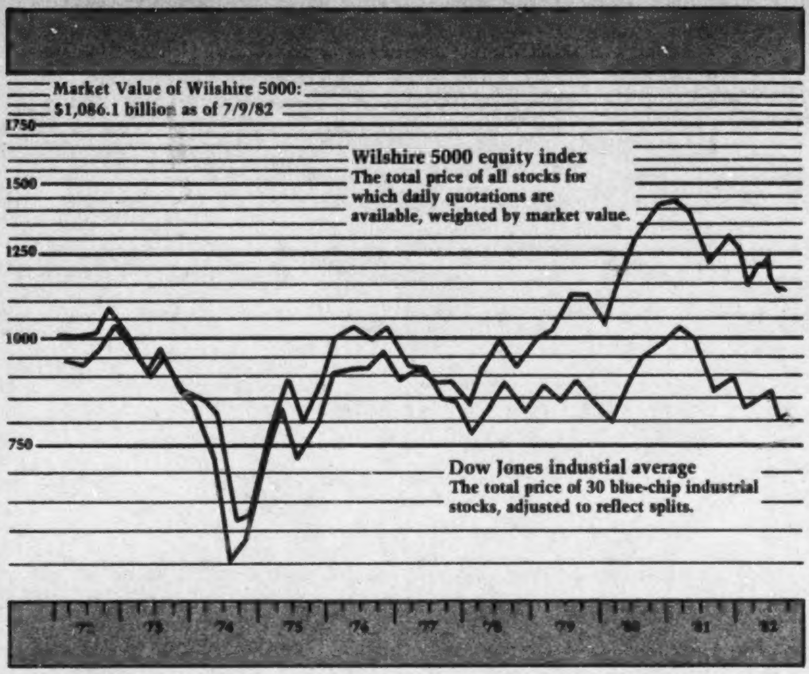
Parsimonious with a purpose

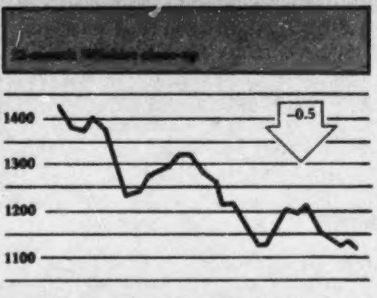
Can share buy-backs replace dividends? They worked for these winners.

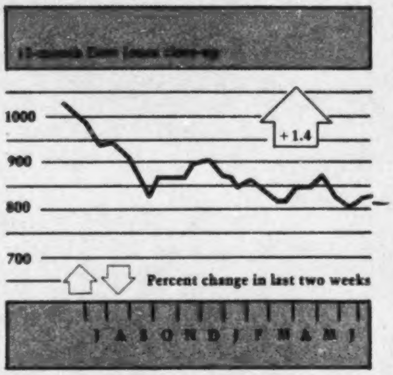
	Earnings per share					
Company/*business*	latest 12 months	Increase from 1976	Change in shares 1976-81	Recent price	Increase from 6/30/76	Current yield
Chris-Craft Ind/*broadcasting*	$3.41	774%	−51.2%	37¼	690%	nil
Mary Kay Cosmetics/*cosmetics*	1.86	481	−26.3	27½	511	0.7%
Tandy/*retail*	2.10	347	−28.9	29	558	nil
Teledyne/*conglomerate*	19.67	331	−21.5	100⅞	232	nil
Commerce Clearing House/*publishing*	3.65	288	−28.1	56¼	379	2.7
Marriott/*hotels*	3.30	275	−28.3	32½	102	0.9
Monogram Inds/*metals prods*	6.67	225	−49.7	43	202	2.2
Metromedia/*broadcasting*	14.42	218	−39.6	201	605	2.5
Capital Cities Comm/*TV and newspapers*	6.24	171	−12.1	70	154	0.3
Crown Cork & Seal/*packaging*	3.91	38	−7.2	24⅞	37	nil
Value Line Industrial Composite	3.58*	59*	+9.8	26	13*	4.4*

*Fiscal year 1981.

The Forbes/Wilshire 5000 Review







Split decision. The 30-stock Dow industrials advanced 1.4% over the past two weeks and show a 0.5% gain over the previous month. But while the Dow registered a minor advance, the Wilshire index, which measures more than 5,000 stocks, hit a 12-month low. This raises an interesting question. Many analysts now believe that the market is hitting a major bottom. If so, will the Dow be a leading indicator of the recovery? That could be good news—especially for those investors who hold blue-chip stocks.

The weakest area of the recent market is NASDAQ issues, which are down 1.4% over two weeks and 3.2% over four weeks. The Amex is in the red by slightly less—1.6% for two weeks and 4.3% for four weeks. On the other hand, NYSE stocks performed relatively well. They are off only 0.3% over the last two weeks.

High-P/E issues were again out of favor. This time they registered a 4.6% two-week decline. Of the ten focus groups on track, these stocks have been hit the hardest over the past year. The group is now behind almost 28% for the 52-week period. In the last two weeks, however, two focus groups fared better than the overall market: Low-yield issues lost just 0.3%, while bargain hunters helped low-P/E securities move up 1.6%.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-2.5	0.5	-2.2	-4.3	-3.2
in last 52 weeks	-15.5	-14.8	-16.8	-31.6	-20.2

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $5
in last 4 weeks	-2.4	-1.4	-4.6	1.6	-1.0	-0.3	-1.8	-1.2	-2.2	-2.9
in last 52 weeks	-18.4	-8.8	-27.8	-8.3	-0.4	-11.6	-13.2	-6.8	-17.1	-17.3

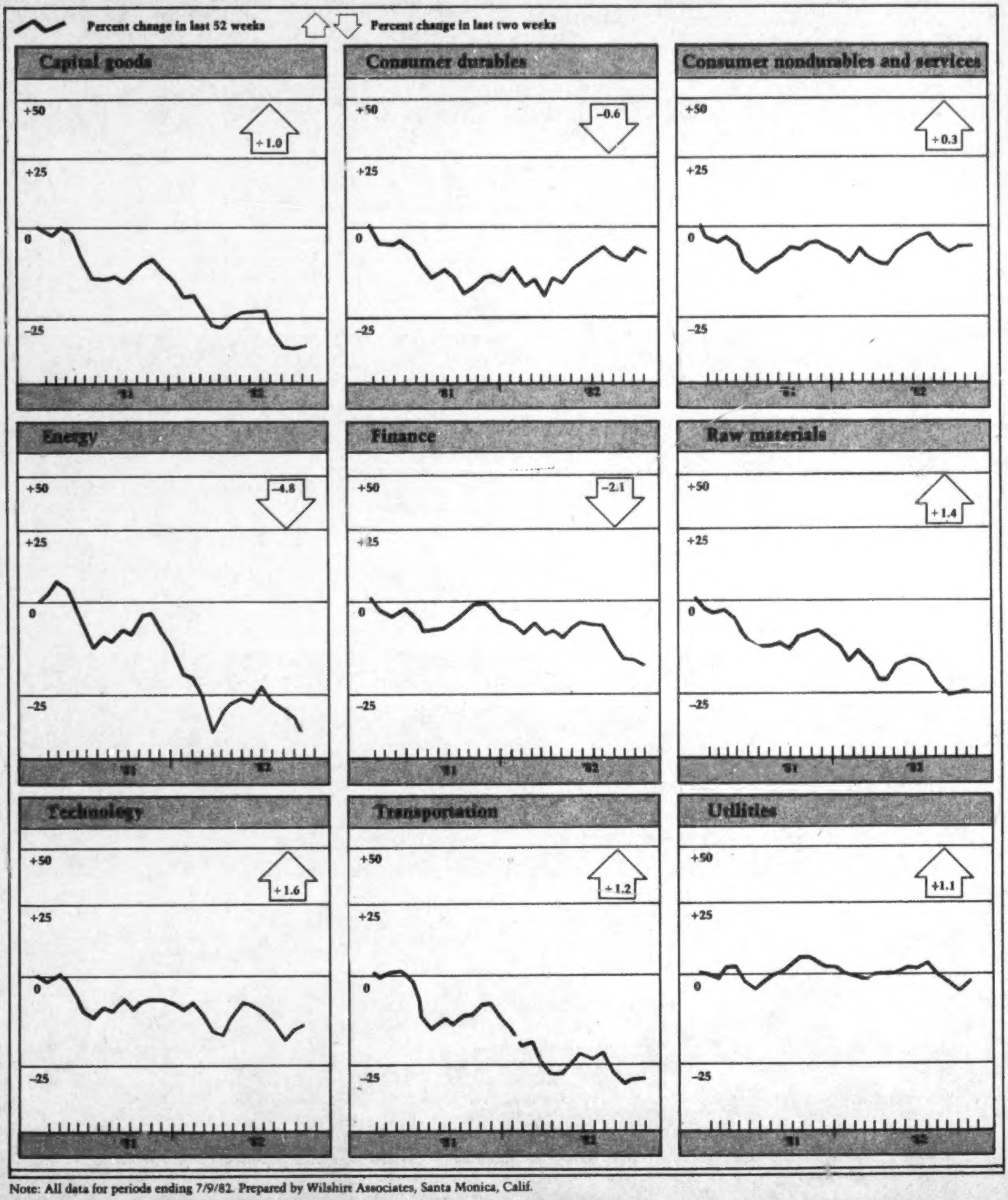
*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 7/9/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Energy falls again. Bad news from OPEC and Oklahoma helped energy stocks lead the market down. They were off 4.8% during the past two weeks. That makes a 12-month decline of nearly 35%. On the OPEC front, investors are worried about lower prices. Back in Oklahoma, meanwhile, the collapse of Penn Square Bank led to concern about energy-related loan losses. That hurt the finance sector, too, which posted a 2.1% two-week decline.

All, however, was not gloom and doom. Over the last two weeks, six of the nine sectors clearly bucked the market and ended up in the black. Technology issues show the best advance, a 1.6% gain. Raw materials are close behind with a 1.4% jump. And transportation issues moved ahead 1.2%. Utility stocks gained 1.1% and are once again close to breaking even for the 12-month period—the best performance of any group.



Note: All data for periods ending 7/9/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Depressed by the economy? Check this list of companies that are poised to score earnings turnarounds this year.

Look what's just around the corner

By Paul Bornstein

As the recession enters its dog days, 1982 looks more and more like a year in which you would expect lots of companies to move into the red. The surprise, however, is that some corporations are actually heading in the other direction. Look at the table below. The 16 companies on this list lost money in 1981 but should move into the black this year.

Sure, it's a motley list. Almost half the group are fledgling high-tech firms. There are also several representatives from more mundane fields such as coal mining, forest products and trucking. But all have one thing in common: The consensus among analysts is that these companies are due for an earnings turnaround in 1982.

Westmoreland Coal and North American Coal, for example, are expected to take big leaps forward. Last year Westmoreland was hit by a United Mine Workers strike; North American Coal had taken writeoffs from mine closings in addition to labor troubles. With these problems behind them, however, both companies should be close to their traditional levels of profitability this year.

Then there's Centran, a Cleveland-based bank holding company. "Three years ago they bet on municipal bonds and lost," says Bob Back of Prescott Ball & Turben. So far this has cost Centran roughly $20 per share. Now, however, Back likes the stock because of its liquidity. The company picked up $60 million from selling its bonds at a loss and $70 million from selling a nonvoting preferred stock to Marine Midland. The consensus earnings estimate for Centran is $1.33, but Back is more bullish and expects to see $2.10 in 1982.

GenRad, a maker of testing equipment for semiconductors and printed circuit boards, is another potential turnaround. Its Development Systems and Semiconductor Test divisions once produced big losses, but one of those operations is breaking even and is up for sale, while the other is somewhat closer to profitability. "Anticipation of an earnings turnaround has already helped the stock regain some lost ground," says John Geraghty of Dean Witter Reynolds.

All the news isn't good, of course. The 14 companies on our second table *(see p. 96)* were profitable in 1981 and seem likely to post big losses this year. With steel mills now operating at an average of 45% of capacity, this list resembles an industry *Who's Who*. Florida, Inland, National and Republic have already cut their dividends—a good indication that tougher times lie ahead.

Playboy Enterprises is an interesting situation. It is expected to fare poorly because of the loss of its highly

Breaking into the black

The 16 companies below all posted losses in 1981, but analysts predict that they will become profitable this year.

Company/*business*	Recent price	52-week price range	Earnings per share 1981	Earnings per share 1982E	Earnings per share latest 12 months	Dividend	Yield
American Mgmt Systems/*comp softwr*	12¾	16¾– 9¼	–$0.46	$0.92	–$0.45	—	—
AVX/*electronics*	17	35½–11½	–0.60	1.09	–0.75	$0.32	1.9%
Bohemia/*forest products*	11⅛	23⅜–10⅛	–1.96[1]	1.62	–1.13	0.66	5.9
Centran/*bank*	13	22 –13	–5.71	1.33	–24.48	0.40	3.1
Coastal Corp[2]/*oil*	20⅜	59½–18⅛	–1.36	2.45	–1.69	0.40	2.0
Colonial Penn Group/*insurance*	13⅝	22⅛–12	–1.44	1.79	–1.32	1.40	10.3
Compugraphic/*phototypesetting*	11½	27 – 9¾	–1.33	1.26	–0.99	—	—
Cordis/*medical instr*	24½	29¾–14¼	–3.25	1.16	0.32	—	—
Flexi-Van/*trucking*	19¼	25⅜–12	–0.15	2.49	1.32	0.80	4.2
GenRad/*electronics*	19	22⅛–11⅞	–0.23	0.81	–0.18	0.10	0.5
Golden West Homes/*manufctrd homes*	8	12⅝– 5⅞	–0.16[3]	0.72	–0.16	—	—
Natl Semiconductor/*electronics*	19⅞	28⅝–15¼	–0.47[3]	1.30	–0.47	—	—
North Amer Coal/*coal*	27⅞	40½–20¼	–0.16	4.90	1.08	0.80	2.9
Siltec/*electronics*	9¾	16¼– 7½	–0.53	0.55	–0.58	—	—
JP Stevens/*textiles*	14⅝	18 –11⅞	–1.59	1.33	–1.46	1.20	8.2
Westmoreland Coal/*coal*	16¾	29 –16¼	–2.17	2.65	–0.85	—	—

[1] Fiscal year ending April 1982. [2] Plans to spin off two companies. [3] Fiscal year ending May 1982. [4] Playboy recently announced it expects a net loss of $35 million (–$3.50/share) in 1982. E: Consensus estimate.

Source: Institutional Brokers Estimate System On Line, Lynch, Jones & Ryan.

profitable casino operations. But the company has a minimum debt, is awash in perhaps $80 million in cash and could realize $30 million or so if it has to sell its Atlantic City holdings. If management can put these funds to good use, the stock may again become attractive.

The earnings estimates were provided by Lynch, Jones & Ryan's Institutional Brokers Estimate System On Line (IBOL). Each estimate is the average of the opinions of three or more analysts. In order to qualify for our lists a company had to either earn at least 50 cents a share in 1981 or be expected to earn this amount in 1982.

Most of the turnaround candidates in the first table are now selling close to their 52-week lows. Whether they will perform according to the analysts' expectations is another question. "The trend has been toward lower earnings estimates," says Stanley Levine, a Lynch, Jones & Ryan vice president. "That means the list of companies expected to move into the black is likely to get smaller." It also means that the list of projected moneylosers is likely to get bigger. ■

Seeing red

These 14 companies were profitable last year, but if analysts' estimates are correct they will lose money in 1982.

Company/*business*	Recent price	52-week price range	Earnings per share 1981	1982E	latest 12 months	Dividend	Yield
Asarco/*metals & mining*	21	42⅞–17¼	$1.54	–$0.2[illegible]	$0.55	$0.40	1.9%
Bethlehem Steel/*steel*	15¼	25¼–15⅛	4.83	–0.95	2.71	1.60	10.5
Brown & Sharpe Mfg/*industrial mach*	12⅝	29¼–12	1.93	–0.61	0.06	0.80	6.3
Florida Steel/*steel*	11	31⅜–10½	3.37	–1.35	1.14	0.52	4.7
Gleason Works/*industrial mach*	9⅛	18⅞– 8½	1.72	–0.49	0.69	0.80	8.8
Harnischfeger/*construction equip*	7¼	15⅝– 6⅞	2.93	–0.56	1.80	—	—
Inland Steel/*steel*	20¼	30⅞–18¾	2.69	–0.70	0.58	1.00	4.9
Kaiser Aluminum & Chem/*aluminum*	12½	23¾–12	3.08	–0.15	0.90	0.60	4.8
National Steel/*steel*	14⅝	27⅛–14⅛	4.20	–2.83	1.22	1.00	7.0
Phelps Dodge/*copper*	22½	46⅜–20¾	2.61	–1.16	0.35	0.40	1.8
Playboy Enterprises/*publishing*	8⅞	13¼– 5½	1.45	–1.98[4]	–2.73	0.12	1.4
Republic Steel/*steel*	17⅛	29¼–17⅛	11.75	–2.06	4.15	1.00	5.8
Revere Copper & Br/*metal fabricating*	8½	25⅜– 8⅜	1.64	–1.40	–0.70	—	—
Southwest Forest Inds/*forest products*	9	22¼– 8¾	1.13	–0.58	0.14	—	—

[1] Fiscal year ending April 1982. [2] Plans to spin off two companies. [3] Fiscal year ending May 1982. [4] Playboy recently announced it expects a net loss of $35 million (–$3.50/share) in 1982. E: Consensus estimate.

Source: Institutional Brokers Estimate System On Line, Lynch, Jones & Ryan.

The Money Men

Larry Tisch made a fortune in real estate. Then he made a fortune in common stocks. Now, he doesn't like either market.

Tips from a master

By Ben Weberman

There are plenty of people who will tell you that Laurence Tisch is the smartest investor around. So, when one has a chance to interview the Loews Corp. chairman, the obvious question is: What looks good to you? Larry Tisch's reply comes as a bit of a shock. He doesn't much like the stock market these days. He thinks even less of real estate. So, what is Larry Tisch buying?

Bonds.

Bonds—those certificates of guaranteed confiscation? Yep. Since last year Tisch has cut the stock position of CNA Financial Corp., Loews' insurance subsidiary, by "a few hundred million dollars" and moved that money into bonds, which, as of now, he believes will outperform equities for the next year or so. "But things change so fast, everything is subject to review."

That's the style of Larry Tisch. Loews has most of its taxable investment in Treasury securities—with maturities of up to seven years. The company pension fund is primarily in Treasuries, with a minimal amount in Aaa- and Aa-rated industrial bonds and common stocks. "I will buy corporate bonds when the time comes," Tisch explains, "but the historic spread between Treasury issues and other debt obligations doesn't exist today, so Treasuries represent the best values here."

Tisch, with his 29-year-old son, James (Loews vice president, financial analysis), at his side, began buying bonds for CNA in 1981. During the year, he sold $400 million worth of stocks, two-thirds of CNA's equity holdings. Meanwhile, he poured the money into Treasury and government agency debt obligations and some tax-exempt securities. Tisch sold much of

While three out of four individual traders lose money, nearly all the pros make money—sometimes they make quite a bit.

IT HELPS TO KNOW THE GAME

By Stanley W. Angrist

It has long been accepted wisdom in the commodity business that 80% to 95% of all individual traders lose money. My own examination of the literature on the subject persuades me that the percentage of losers isn't quite that bad—below 80% is my guess. Whatever the exact figures, though, the ratio of net losers to net winners is undoubtedly high—for good reasons.

But professional money managers should do better than individuals because they generally avoid making the mistakes that individual speculators almost always make. That is, they trade adequately capitalized accounts, manage diversified portfolios, have well-tested trading systems, seek long-term appreciation of capital rather than instant gratification—and they shun the quick-buck artists. Logically, then, the pros should do better. According to a new study, indeed they do.

Morton S. and Cynthia L. Baratz at Managed Account Reports set out to test the proposition that the pros can do better than amateurs in managing commodity accounts. Initially, they examined the track records for eight public funds and eight private pools (which, unlike the public funds, are not registered with the Securities & Exchange Commission) that have track records at least three years long. They examined both groups over a three-year period that ended on Mar. 31, 1982.

All 16 of the limited partnerships examined in the study made money for those investors *who were in at the start and stayed the entire course.* That's a major assumption in the study. However, the range of the rates of return was wide indeed. The largest annual compound rate of return was 89.1%, while the lowest was 4.7%; the mean for the group was 36.2%. Over the same time period the Consumer Price Index went up at a 12.8% annual rate, while the GNP price deflator rose at a 10% annual rate. So, on average, investors' funds compounded at a rate 3 times that of inflation.

The average annual rate of return achieved by the public funds was 32%, while the private pools grew at a 40% rate. Of the 16 funds studied, 6 had drops in equity that exceeded 30% in any one episode. Up to a 30% drop is normally considered tolerable in the industry. Three public funds and three private pools shared this dubious honor. The largest drawdown was 56%, and that was a private pool that still achieved a 35% annual compound rate of growth.

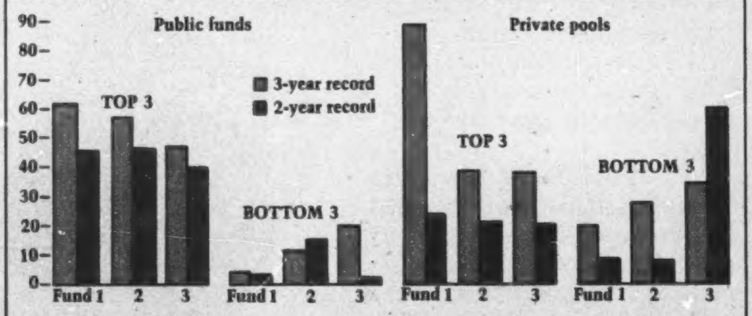
The second half of the study examined 24 funds (14 public funds and 10 private pools) that were available for two years from March 1980 through March 1982. It included the same 16 funds in the longer study plus 8 additional funds. The average annual growth rate in this period was 13.2% for the public funds—nearly 60% smaller than it was during the three-year study period. Private pools grew at a 27.9% annual rate, while the average for both types combined was a little over 19%.

Choppy markets took their toll on the pros during the two-year period. Four of the 14 public funds suffered net losses. Three others showed gains that were less than the rate of inflation. None of the pools suffered net losses, and only two of the ten showed growth rates lower than the inflation rate, and then only marginally so.

Details of the study and a performance record for the funds through the end of May may be obtained for $5 from Managed Account Reports, 200 Joseph Square, Columbia, Md. 21044. ■

Knowhow at work

The gray bars show the average annual compound rate of growth for the top and bottom three public funds for a three-year period ended in March 1982. The colored bars show the performance of these same funds over a two-year period ended in March 1982. At right, the same data for private pools. Professionals clearly outperformed most amateurs.



Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

AUGUST 16, 1982 TWO DOLLARS AND FIFTY CENTS

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Forbes

SOUTHERN PACIFIC'S
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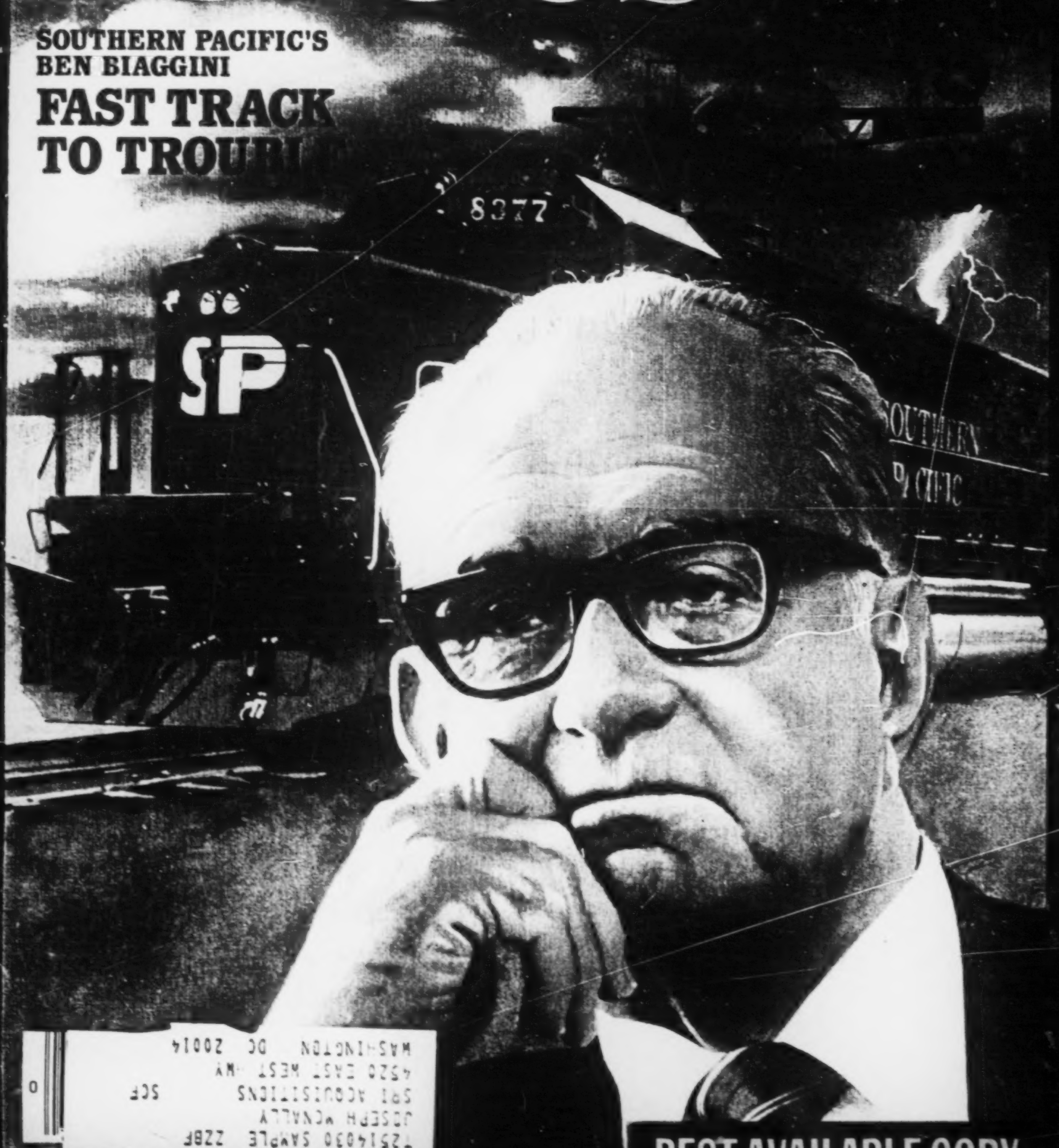
FAST TRACK TO TROUBLE



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August 16, 1982
Volume 130,
Number 4

57 Cover Story: Southern Pacific, for all its might, is highballing toward serious trouble.

32 Commodities: Trading volume remains high, but traders' morale is low.

62 Time-sharing: There's a limit to how much folks will invest for a place in the sun, especially those with sharp pencils.

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Look Who's Back In Town

Merrill Lynch and E.F. Hutton together account for some 25% of the trading done by individuals, and both report clear signs that small investors' interest in stocks is quickening. It's good for the market, of course, and even better for the brokerage firms.

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Running Scared

A seat on the new New York Futures Exchange costs just $17,500—one sign of the gloom now spreading over there.

33 The Thrifts:
It Only Looks Like A Bailout

A little-known federal effort is pumping some $50 billion of liquidity a year into beleaguered thrift institutions. It isn't a bailout, just some innovative bookkeeping, but no less welcome for all that.

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This Way To The Poorhouse

Reverse annuity mortgages are a rotten idea, so why is Uncle Sam pushing them?

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The premier of the U.S.S.R. is 75 and ailing. The average age of his Politburo colleagues is 70. A Georgetown University study group has some thoughts on possible new directions there when the old order changes.

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False Alarm

The Senate's big tax bill, with its bad news for drug companies and others with shelters in Puerto Rico, won't survive intact.

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"This is unlike any recession I've seen," says the nation's largest machine tool maker. "We're swamped with inquiries."

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In 20 years Sam Walton has converted a competitive threat into a personal fortune of some $750 million. Here's how he did it.

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Wheelabrator-Frye Inc.

In playing the white knight and taking over Pullman, Wheelabrator's Mike Dingman has scored a coup. After all his ax wielding, the big prize—Pullman's engineering companies—cost him less than nothing.

48 Companies:
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Murray Salzberg has made a career out of finding deals with almost no downside risk but with lots of upside potential. Consider the careful waiting game he is playing with cash-rich CJI.

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Roger Hardesty

Architectural gems are not his monument. No-frills construction efficiency is, and Hardesty has the fortune to prove it.

50 Companies:
Royal Crown Cos., Inc.

No soft drink company can outthink RC. But a few can outspend it, and therein lies one of the reasons RC is losing market share. The company's move into fast foods (Arby's) isn't helping much.

52 Companies:
Dr Pepper Co.

"Let Coke and Pepsi go at each other," says DP President Chuck Jarvie. He'll concentrate on the noncola crowd. Hence his Canada Dry acquisition.

57 Cover Story:
On A Fast Track To Trouble

Southern Pacific has vast assets and a strong foothold in a great growth industry. But neither strength may save it. The SP needs capital—and the money may not be there.

69 The Up & Comers: Damon Corp., once one of Wall Street's darlings, is learning painful lessons.

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92 Taxing Matters: Some quick arithmetic gives Prudential the feeling that some hoped-for tax breaks won't materialize.

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Getting people to invest in vacation homes and then sharing them is a questionable idea whose time has not come, as Merrill Lynch has just learned—the hard way.

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He's more than one of the leading hairdressers and colorists. He's a miniconglomerate.

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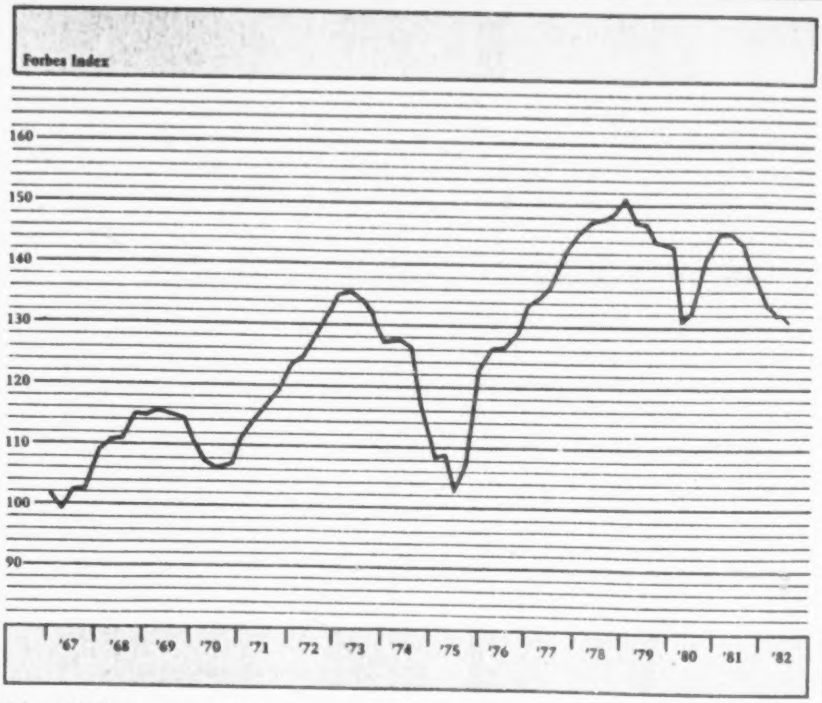
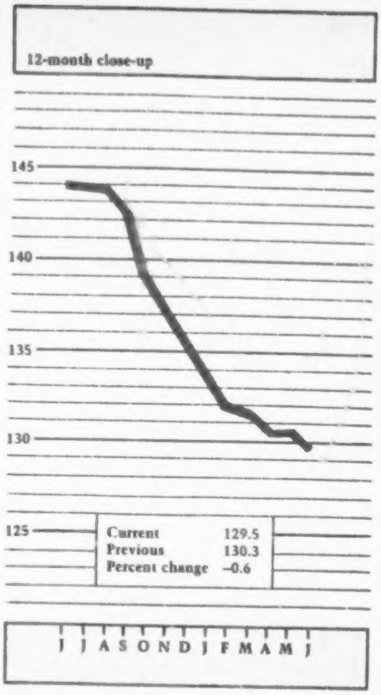
The Forbes Index





Current	129.5
Previous	130.3
Percent change	–0.6

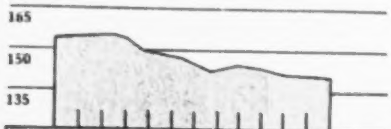
Slip, sliding away. The Forbes Index' recent advance—the first in more than ten months—was very short-lived. It is now falling again, with most economic indicators heading down. Industrial production, for example, fell 0.7% in June, the fourth straight monthly decline. New housing starts took a real beating, dropping 7.9%.

A nagging worry is that inflation may again be on the rise. The June Consumer Price Index was up 1.2% over its May level. Some good news is that personal income also posted a gain, up 0.1% last month. Consumers, however, may be having second thoughts about spending. Retail sales for June declined by 1.5%. What it all means is that the recovery, expected to begin this month, may arrive well behind schedule.

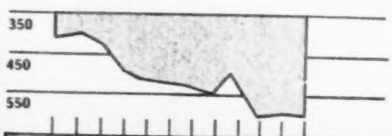
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

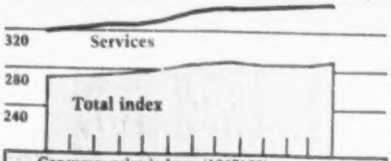
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



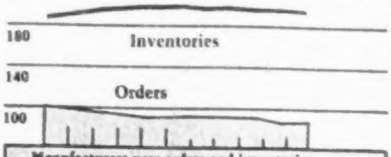
Industrial production index (1967100)
Seasonally adjusted (Federal Reserve)



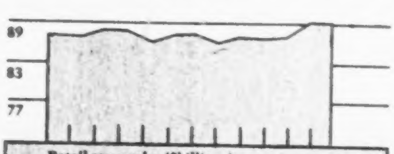
Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



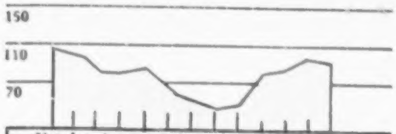
Consumer price indexes (1967100)
all urban consumers, unadjusted (Dept. of Labor)



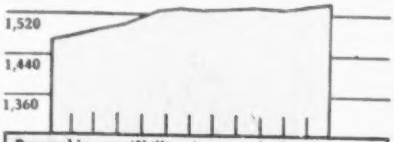
Manufacturers new orders and inventories
($billions) seasonally (Dept. of Commerce)



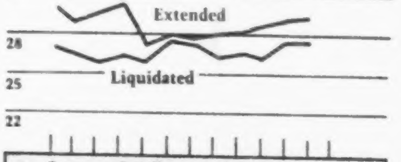
Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)

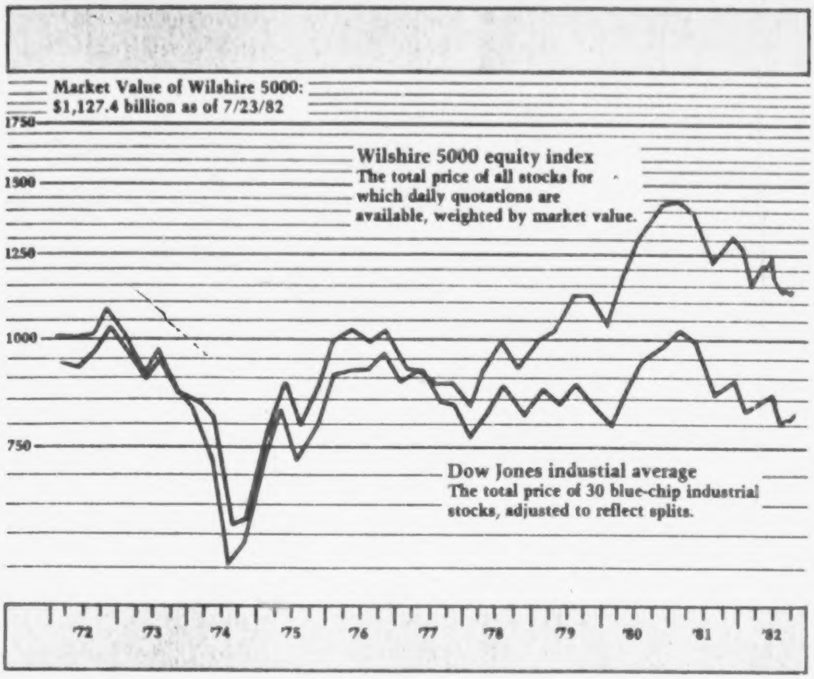


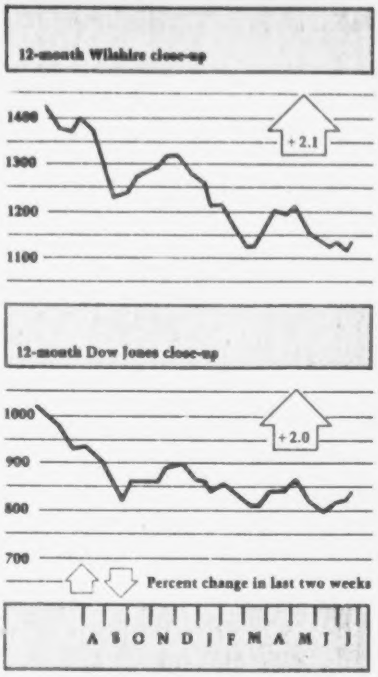
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

The Forbes/Wilshire 5000 Review





Leaving the bottom. Wall Street made gradual progress over the past two weeks. The Wilshire index, which measures over 5,200 securities, advanced 2.1% and added more than $41 billion in capital. The NYSE and the Dow industrials performed almost in step with the Wilshire. NASDAQ issues, meanwhile, were up 2.4%. Amex issues, up 3.3%, registered the best gains of all.

Despite these hard-won gains, the market is still well behind where it was one year ago. For the last 52 weeks the 30-stock Dow is off 11.3%. As is often the case, the Dow understates a bull market and overstates a bear market. The Wilshire shows that the overall market dropped $225 billion in capitalization and fell 16.3% during the last year. The NYSE composite, off by 14.5%, is even further behind than the Dow, but NASDAQ stocks now show a one-year loss in excess of 17%. The clincher is the 30% decline in Amex issues.

For a major rally to occur, the market must overcome the past year's damage. In addition, long-term investments must get an edge on short-term profit-taking.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.6	3.4	1.7	1.7	1.0
in last 52 weeks	-16.3	-11.3	-14.5	-30.0	-17.3

Stock performance based on five key investor yardsticks

Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.6	1.5	1.0	4.5	1.4	4.0	1.8	1.9	2.0	1.0
in last 52 weeks	-14.4	2.1	-24.3	-2.7	-0.3	-7.1	-12.3	-3.1	-14.3	-15.0

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

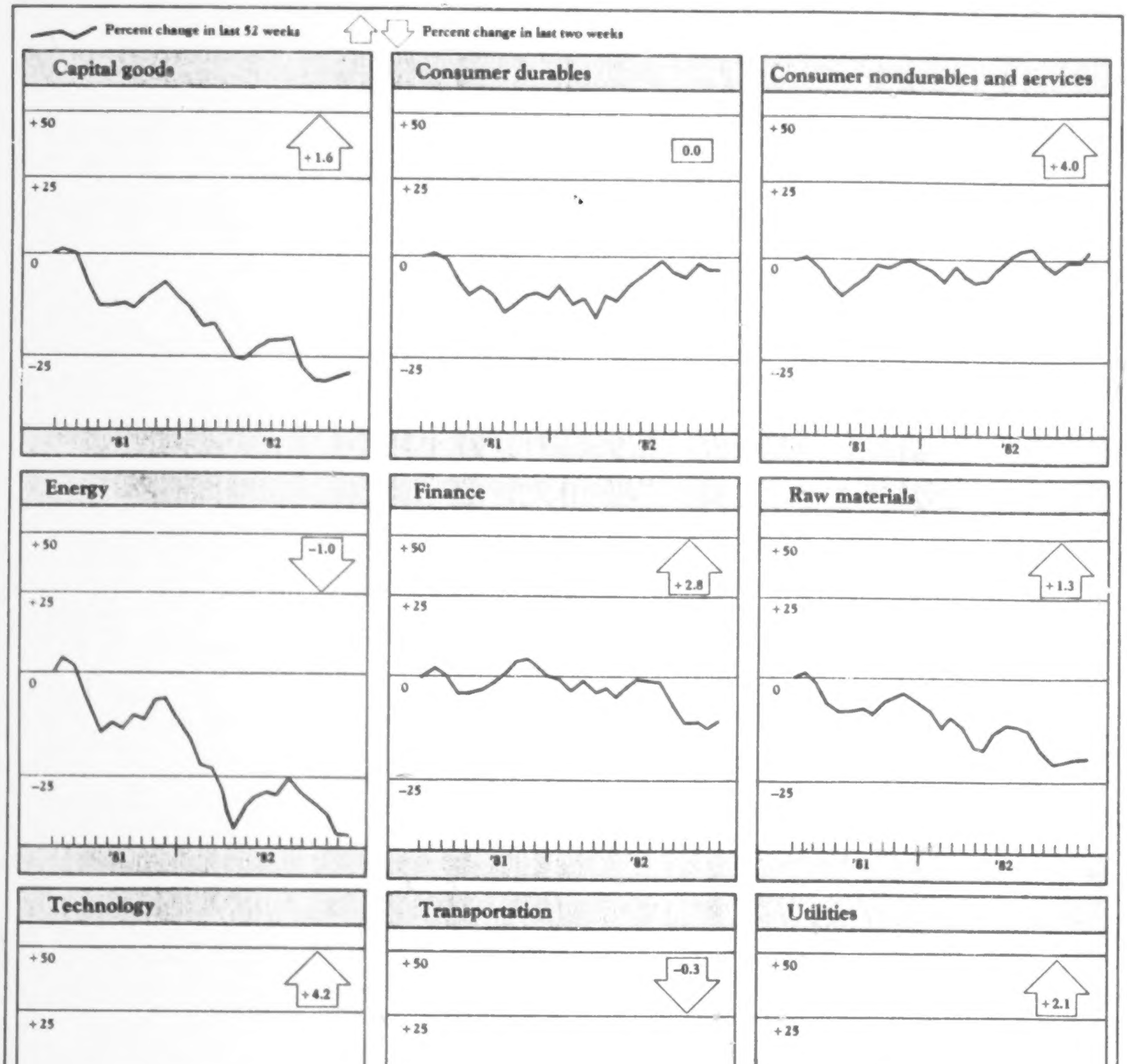
Note: All data for periods ending 7/23/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Positive signs. During the last two weeks both utilities, up 2.1%, and consumer nondurables and services, up 4%, moved into plus territory for the 52-week period. This is the first time in months that more than one industry group is ahead for the full 52-week span.

The best-performing sector, however, was technology, which moved ahead 4.2%. Over the past month the high-tech stocks advanced almost 6%. Having been hard-hit in the decline, this group is still behind its year-ago level, but if it continues its recent momentum it may break the barrier that has stymied it for more than a year.

Three sectors failed to gain ground over the last two weeks. Still, only two sectors, transportation and energy, ended up in the red. Their setbacks were minor.



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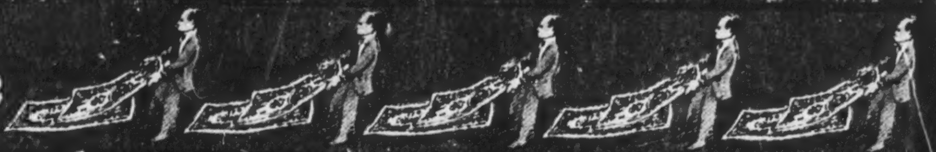

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AUGUST 30, 1982

TWO DOLLARS AND FIFTY CENTS

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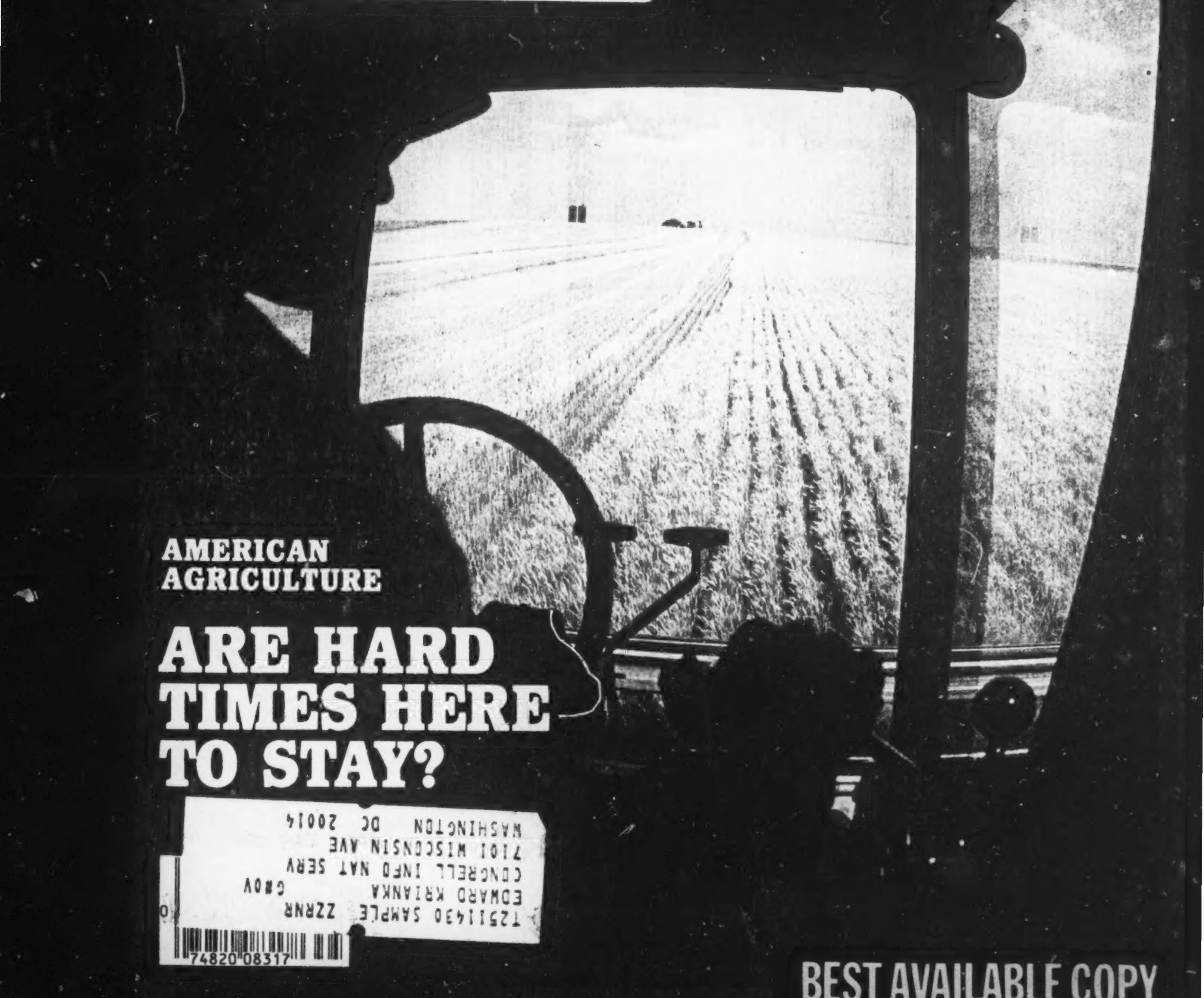

AMERICAN AGRICULTURE

ARE HARD TIMES HERE TO STAY?

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**August 30, 1982
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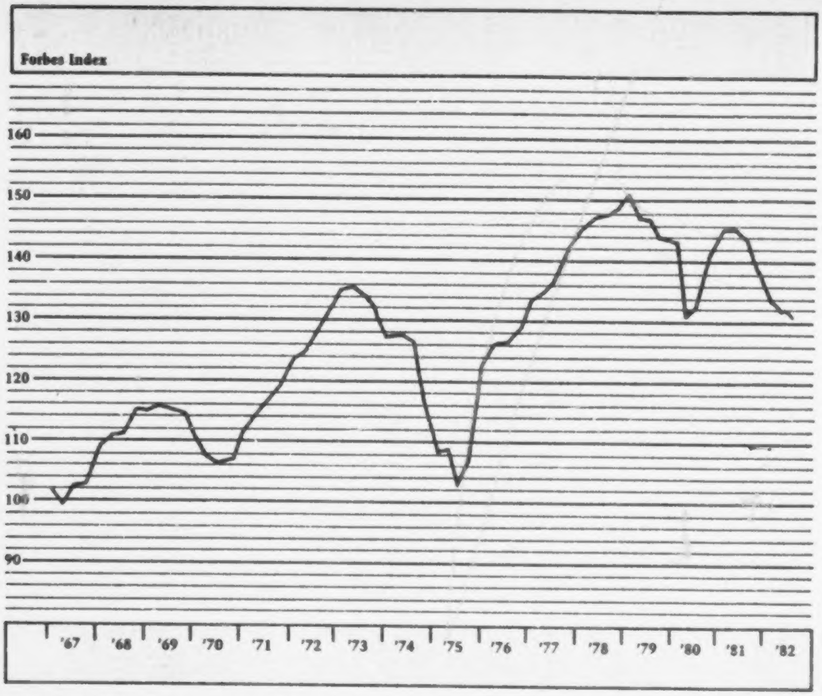
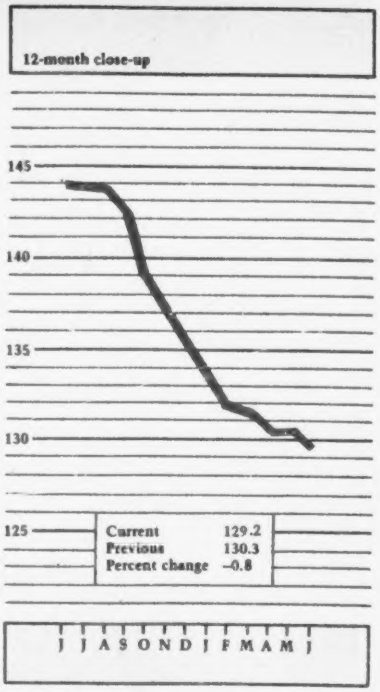
The Forbes Index





Current	129.2
Previous	130.3
Percent change	–0.8

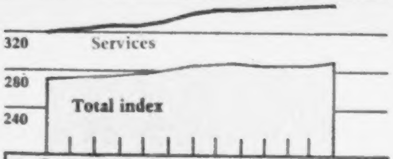
The thrill is gone. The Forbes Index is once again losing ground. The latest downtick has wiped out the budding optimism that the index generated only a few weeks ago. The recovery remains in the distance because consumers have simply refused to spend. In June they borrowed 1.8% more than they did in May, but this was more than offset by the fact that consumers repaid an even higher amount of their outstanding debts, some 2.1%.

Adding to the gloom is the lack of business spending. Manufacturers' new orders fell 1.9% during the most recent reporting period. That's the lowest level in more than two years. Inventory liquidations, by contrast, are leveling off—a glimmer of good news as the economy continues to soften.

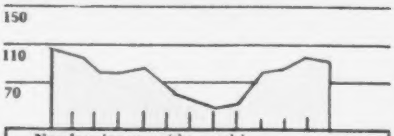
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

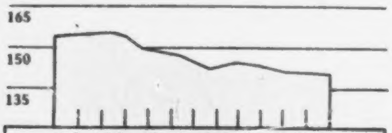
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



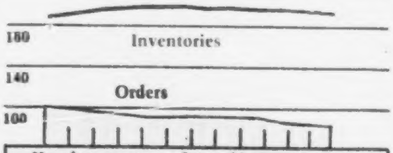
Consumer price indexes (1967100)
all urban consumers, unadjusted (Dept. of Labor)



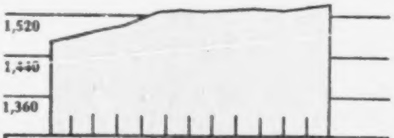
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



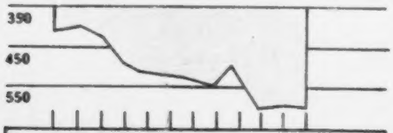
Industrial production index (1967100)
Seasonally adjusted (Federal Reserve)



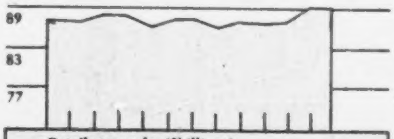
Manufacturers new orders and inventories
($billions) seasonally (Dept. of Commerce)



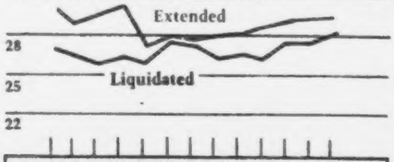
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

There are lots of legal ways to make earnings look better than they really are. The FASB has stopped the latest gimmick.

Games companies play

By Richard Greene

JUST A FEW WEEKS AGO Exxon picked up some $130 million in second-quarter earnings without selling a single gallon of gasoline. There's a fancy name for what the oil company did—"defeasance"—and it's wholly legal. But it can also be a way to persuade your shareholders that things are better for the company than they really are.

A couple of major companies "defeased" recently. Among them was the Kellogg Co. of breakfast food fame. In Exxon's case, doing so enabled it to claim some $200 million in pretax profit simply by shuffling pieces of paper in a kind of arbitrage between current high interest rates and older, lower rates. What Exxon did was this: 1) bought $312 million in Treasury securities; 2) used these Treasury bonds to offset $515 million of its own debt. How? That's where the arbitrage comes in. The coupon rate on the new Treasury bonds was so much higher than the rate on the old Exxon bonds that the $312 million worth of the former would cover both interest and principal at maturity on $515 million of the latter. Exxon booked the difference between the two sums as profit. After paying expenses related to the deal and reserving for taxes (another paper transaction), Exxon brought $130 million to the bottom line—about 15 cents a common share. That was enough of an earnings boost to hold its reported drop in earnings to about 51%, rather than 59% in 1982's second quarter. The treasurer's office certainly earned its keep that day.

In a move that astonished accountants familiar with the situation, the Financial Accounting Standards Board moved quickly to nip this trend in the bud. Dozens of firms were reportedly gearing up to try the same trick. But the FASB, in a formal meeting, voted 5-to-2 to prohibit companies from showing earnings on a debt "retirement" when they haven't really paid off the debt.

It will be months before any kind of final ruling comes from the FASB. If the board decides against Exxon's method of accounting, the giant oil firm may eventually restate. Exxon declined to speculate at all about the outcome of the FASB decision. "We feel the action we took was in accord with generally accepted accounting principles as they now stand," a spokesman said.

With defeasance in limbo, companies still want to do something to help earnings, so swaps of equity for debt are going strong. In this case a company actually trades common stock for old bonds. Since these old bonds sell at a discount from the value, there is a profit involved *(see table)*.

While the FASB doesn't seem particularly concerned about such deals, the fact remains that these earnings are just as much funny money as defeasance. The swaps do improve the balance sheet, but are scarcely anything you should call *earnings*. Says Dennis Beresford, head of accounting practices for Ernst & Whinney, "Instead of picking it up in the income statement, you should credit it to capital."

Do you suppose that when long-term interest rates finally come down again, many of these same companies will use defeasance and stock-bond swaps to *reduce* reported earnings? Who's kidding whom? ■

Instant "profits"

Through a stock-bond swap, U.S. Steel turned a second-quarter loss of $83 million into a $4 million profit. Here are 14 other firms that have recently hyped their earnings with these deals.

		2nd Quarter	
Company	Added earnings as result of swap (millions)	Earnings	Swap as % of earnings
US Steel	$87.0	$ 4.3	2,023.0%
Pfizer Inc	5.0	80.6	6.2
Ohio Edison Co	20.0	54.0	37.0
Armstrong World Industries	2.1	9.6	21.8
US Home Corp	2.0	4.1	48.7
California First Bank	6.8	4.3	158.1
Florida Coast Banks	1.3	2.4	54.1
Textron	6.0	24.7	24.2
City Investing	9.9	35.0	28.2
Kroger Co	1.1	35.8	3.0
Phillips Petroleum Co	15.0	140.0	10.7
Sherwin-Williams Co	5.1	18.0	28.2
CPC International	6.0	57.0	10.5
Revlon Inc	6.6	39.7	16.6
Houston Natural Gas Corp	13.9	59.0	23.5

1982 Annual Mutual Funds Survey

It's bear markets that really test a money manager's mettle, for consistency is the real secret to investment performance.

Better three yards and a cloud of dust

By Richard Phalon

ANYONE IN SEARCH of a survivor's guide to this tricky, frustrating bear market could do worse than take a leaf from the account books of money managers like James Fullerton.

Not that Fullerton's Los Angeles-based AMCAP Fund has been cranking out big capital gains for shareholders this year. What the AMCAP chairman has succeeded in doing, though, like other fund managers on FORBES' honor roll *(see box)*, is to keep assets intact to fight another day by losing a lot less than the market as a whole. "We've tried with, I think, reasonably good success," says Fullerton, "to give shareholders downside protection."

Right now, in a period when asset values at such old-line stock fund groups as T. Rowe Price are down 20% or more, that represents real achievement. What's more, Fullerton and most of the other managers on the FORBES honor roll have shown consistent talent on the downside by outperforming every bear market since January 1973.

To use a football analogy, better Woody Hayes with three yards and a cloud of dust than breakaway plays that never jell. The accompanying box illustrates how important a good defensive posture is in investing. It's the principle behind FORBES' consistency ratings on the pages that follow.

What's the secret of consistent performance? The difference between a place of honor and consignment to the also-rans on FORBES' list is an intangible—the kind of sixth sense that makes money managers worthy of their hire. AMCAP, for example, started moving into cash out of such high-tech items as Tymshare over a year ago.

Smiling a bit beneath the luxuriance of his hussar's moustache, Fullerton thinks AMCAP might have started getting into the cash that at one point climbed as high as 40% of assets "a little too soon. Of course," he adds, "worse things can happen to you than getting cautious too soon." Caution, in the case of AMCAP, also included a major shift of its larger holdings out of cyclical stuff like chemicals into medical and health care stocks that Fullerton regards as "fairly recession-proof."

Thus, among the fund's biggest positions now are Searle & Co., American Hospital Supply, American Home Products, Bausch & Lomb and Medtronics. As Fullerton's sidekick, Howard B. Schow, president of AMCAP, puts it: "If a man needs a pacemaker, is he going to say, 'Gee, I can't afford this right now because the economy's off'? Of course not." There has also been a shift out of volatile small-capitalization companies that worked so well on the upside into less-mercurial, big-capitalization issues like IBM.

Fullerton concedes the presence of IBM on his buy list is "somewhat unusual," but insists it does not reflect a change in AMCAP's investment style. "The big-cap stocks have been beaten down so badly," he says, "that they represent real value. We're value investors. We've always been value investors."

Consistent performance requires consistency of purpose. Money managers who perform well over the long run almost always avoid fads and stick with an underlying philosophy. "Changing style is asking for trouble," says Michael Price, vice president of the Mutual Shares Corp. "When times are tough, you have to keep right on doing what you do best." One of the things Mutual Shares has traditionally done best is railroad reorganization bonds *(see* FORBES, *Mar. 29)*.

Along with a sizable buildup in very short commercial paper—one to two weeks—Mutual Shares has stepped up the level of its play in near-term rail workouts like the Erie Lackawanna 3⅛s of 2000. When that reorganization is finally cleaned up under court order by the end of this year, the bondholders will get paid off at a touch above 134 on securities that are currently trading at around 123. "If you do the arithmetic," says Michael Price, "it works out at a 20% annual rate—a lot better than T bills and almost no risk. It helps to pay the overhead while we wait for the turn in stocks."

A willingness to play the waiting game is central to learning how to live with a bear market. "Typically, our strategy will be to wait until the decline is over, get a good environment and then employ the money," says Thomas Bailey, president of the Janus Fund. Waiting, of course, carries its own terrors for money men who, by definition, are activists.

"One of the things I've been concentrating on," notes David MacCallan, chairman of the closed-end mutual fund Petroleum & Resources Corp., "is whether we have been sitting on our hands too much during the first half of this year." There are real temptations in a bear market, says MacCallan, to get impatient and swing for the fences when you know very well it's time to work the pitcher and make every hit count. The 20% cash position he is currently carrying in the fund doesn't really leave MacCallan all that happy, but "I'm prepared to sit it out for a year," he says. "If we tried to do anything else, we'd probably make a mistake."

These are particularly good times for sitting things out. There's no pain in cash equivalent when the yields are as high as they are today. But with short-term interest rates softening, a few venturesome managers are creeping a bit further out on the maturity spectrum

Richard T. Cunniff, president of the Sequoia Fund, is one. A full 39% of Sequoia's assets are tucked away in U.S. paper at the moment. Some 14% of the assets are in Ginnie Maes—obligations of the Government National Mortgage Association carrying stated maturities stretching out to the year 2011.

In fact, the average life of the pooled mortgages Sequoia holds is probably around 12 years. For a fund that has made its bones on the Ben Graham bedrock of buying solid earning stocks at low multiples, bonds may seem quite a switch. The acid test, though, is value, and Rick Cunniff argues that the potential return on stocks these days has to be measured against the 14% or so that can be had on long governments. Sequoia itself, after all, with a very good record in equities, has been able to average no better than 15.7% compounded over the 11-plus years of its life. Q.E.D. Is the marginal return worth the risk of staying entirely with the stocks?

Not the way Cunniff sees things at the moment. A 14% government, he argues, is the equivalent of a 7-times-earnings yield on a stock, and further, an equivalent of "impeccable quality." Conversely, Cunniff continues, it is getting harder and harder to find quality stocks selling for less than 7 times earnings. That doesn't mean Sequoia is out of the market for equities. It has been adding cautiously to blue chip holdings like R.J. Reynolds, but like everybody else who has got away unclawed in this bear market, Sequoia is playing a waiting game. ■

The honor roll—funds for all seasons

Most investors overlook some simple arithmetic when judging investment performance. Suppose Fund A produces 25% gains for three years running. Each $1,000 of original investment is now worth $1,953. Then, in the fourth year it sustains a 50% loss—not impossible in years like 1974. Fund B manages only 15% gains in the three good years with each $1,000 growing only to $1,521—a gain only about half as great. But it holds its portfolio to a 15% loss in the fourth year.

Question: Who produced the better result? The 25% gainer? Or the 15% gainer?

Answer: the 15% gainer. At the end of the four-year period, each $1,000 under his management would be worth $1,293. His more spectacular rival would have ended up with just $977 for every $1,000.

There's an important principle involved: *Consistency* of performance is far more important than spectacular upside performance. The stock market is a great leveler. It has a way of cutting the spectacular performers down, from time to time, by inflicting painful losses on them—regression to the mean. That's why consistency—an ability to do well in bear markets as well as in bull markets—is so important.

The 19 funds on this year's honor roll are cases in point. Each fund had to achieve an average return of 14% or better from May 26, 1970 through June 1982. Performance was also in the top 25% during either up or down markets and no worse than the top 50% for both. (Funds not marketed during the entire period or with less than $2 million in assets were excluded.)

Name	Type	—Market ratings—		Annual return	Assets (millions)
		UP	DOWN		
Diversified stock funds					
AMCAP (4)	load	A	B	14.3%	$394.0
American General Comstock (2)	load	B	A	15.4	153.4
American General Pace (1)	load	A+	A	17.0	129.7
Charter (5)	load	A+	B	18.0	44.7
Fidelity Magellan (1)	load	A+	B	19.0	146.8
Janus (1)	no load	A	A	18.4	44.9
Mutual Shares (7)	no load	B	B	18.6	130.0
Nicholas (1)	no load	A	B	15.4	56.1
Petroleum & Resources (6)	closed end	A+	C	15.2	183.0
Pioneer II (1)	load	B	A	18.5	485.1
Putnam-Voyager (1)	load	A	C	14.7	87.9
St Paul Growth (1)	load	A	B	15.0	36.7
Sigma Venture Shares (1)	load	A+	C	14.0	22.7
Templeton Growth (9)	load	B	B	17.3	508.2
Twentieth Century Growth (1)	no load	A+	C	21.5	261.9
Twentieth Century Select (5)	no load	A+	B	17.9	49.4
Vance, Sanders Special (3)	load	A	C	15.2	86.4
Funds for investing abroad					
ASA Limited (4)	closed end	B	A	17.6%	$301.9
International Investors (3)	load	A	A	19.0	203.3

Note: Number in parentheses is number of times on honor roll.

Is 0.29% too much?

By Howard Rudnitsky with Laura Rohmann

WORKING ITS WAY THROUGH the federal appeals process in New York is a lawsuit that Merrill Lynch, the country's biggest broker, has reputedly spent $1 million defending. It could be money well spent: At stake is ML's management fee structure on its $43 billion worth of money market funds—funds that will probably bring it some $100 million in fees this year.

Merrill's competitors in the $210 billion money market industry are watching with interest, too. They include other large brokerage houses with money market funds like Hutton, Dean Witter and Paine Webber, as well as other nonbroker fund groups like Dreyfus, Federated, Fidelity, and Reserve Fund. Most have been the targets of lawsuits over the size of their management fees. In the past, the usual practice was to settle out of court. When the fund adviser had a fixed percentage fee, he would promise to put in a sliding scale, decreasing as the fund's size increased, and refund some money. But Merrill was sued even with a sliding fee scale in place. Unlike the others, Merrill took the case to court.

And so far, ML seems to be winning. Late last year, District Judge Milton Pollack upheld ML's 0.288% fee. In a 66-page opinion, the judge said ML was not abusing its fiduciary duty, and the fee was set in a competitive environment. In any event, the judge said money market management fees don't have to be cost-supported if they are found reasonable by the fund's independent directors.

Reasonable? A fee of less than one-third of 1%? That hardly seems out of line for Wall Street. But that is not the point, contends plaintiff Irving Gartenberg, a shareholder in ML's Ready Assets Trust who is, not surprisingly, represented by a law firm, Pomerantz Levy Haudek & Block of New York, which is well known for its stockholder derivative suits. Gartenberg, among other points, contended that money market funds are not like stock portfolios. They're not that much different to run, after all, than bank's savings accounts.

Big money is involved here. If money fund assets throughout the year continue to run at $200 billion or more, total management fees could exceed $700 million. With one-seventh of the industry's fees, ML felt the fight was worth it.

Gartenberg and other plaintiffs argue that the ML advisers were generating costs unnecessarily by opening and servicing fund accounts themselves that could have been handled more expeditiously by a bank. They also claim ML has a fiduciary responsibility to keep fees as low as possible. Besides, they claim, money funds bring in other—more profitable—business. The federal court ruling has been appealed to the Second Circuit in New York, where a decision could come as early as this fall. But there's already fallout: Last June, the same law firm, Pomerantz Levy Haudek & Block, settled another suit against Shearson's Daily Dividend Fund, with Shearson making no concessions on its fee schedule, though it will pay the fund $500,000 a year for ten years. That's peanuts.

How much does it cost, really, for a fund manager to take in money, put it in short-term CDs or government and commercial paper and manage it? Not a vast amount if you are efficient.

Nonbroker fund groups like Reserve, Dreyfus and Federated appear to be more profitable than the brokers' because they don't have to support a costly branch-office system and high-priced account executives. The brokers say there's another reason. "They make money because they charge everything to the fund," says Thomas Lynch, president of E.F. Hutton's Cash Reserve Management, "whereas we absorb these expenses in our fee." But how different can their costs be if their net yields are alike?

The brokerage firms have always figured that money funds would be a great way to lure new clients and keep existing ones. Customers who came in via the money funds could later be switched to more profitable commission products like stocks, real estate and futures trading.

That's happening, but slowly. The broker-managed funds are still saddled with many customers who like money funds just fine, thank you, and don't feel like switching. That doesn't put much bread on the salesmen's tables. And that's one reason ML and the brokers would like to win this case. Not only would it get rid of those bothersome lawsuits, but it would also give them more pricing flexibility—to raise charges as well as lower them. Most investors don't seem to be complaining, they say, as long as a fund is yielding 12% to 13% net. ■

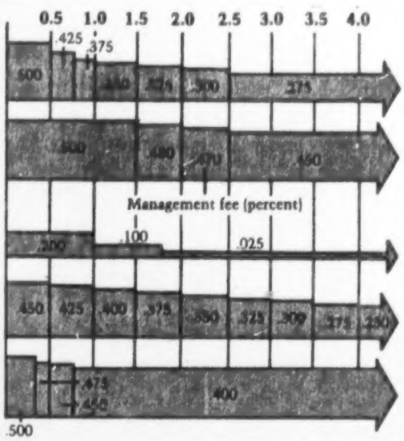
Sliding around

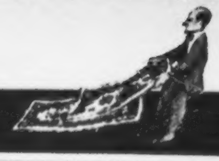
The five money funds below have widely varying sliding-scale management fees. Beware. A low fee could be offset by higher fund operating costs.

Fund	Manager
Merrill Lynch Ready Assets Trust $22.1*	**Merrill Lynch & Co**
Dreyfus Liquid Assets $9.98*	**The Dreyfus Corp**
Cash Reserve Management (Hutton) $7.2*	**Morgan Guaranty Trust Co of New York**
Daily Cash Accumulation Fund (Oppenheimer) $5.4*	**Centennial Capital Corp**
The Reserve Fund—Primary Portfolio $2.9*	**Reserve Management Co**

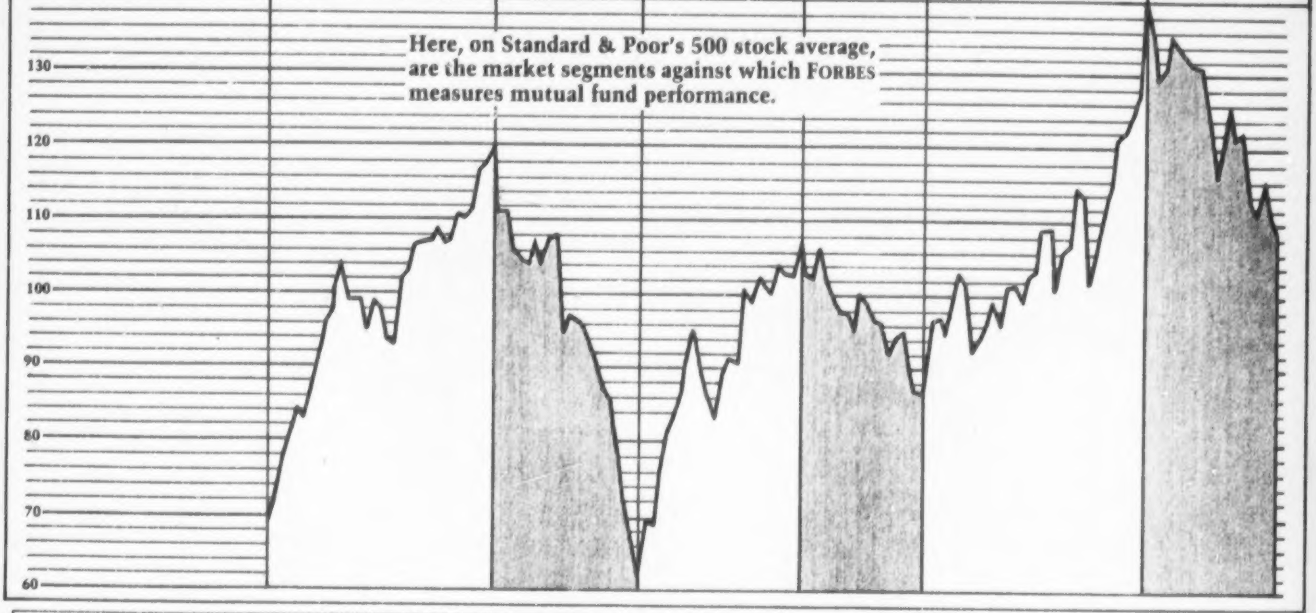
*Total assets ($billions)

Assets under management ($billions)





Rising markets	5/26/70 to 1/11/73		10/3/74 to 9/21/76		3/6/78 to 11/28/80	
Declining markets		1/11/73 to 10/3/74		9/21/76 to 3/6/78		11/28/81 to 6/30/82
Percent change	+74%	−48%	+73%	−19%	+62%	−22%


Here, on Standard & Poor's 500 stock average, are the market segments against which FORBES measures mutual fund performance.

How FORBES rates the funds

What the ratings mean

FORBES rates mutual funds on the basis of their performance in each of three rising markets and three declining markets beginning with the market low of May 26, 1970. To get a high score, a fund must perform consistently well in all three up or down periods.

Adjustments in the calculations prevent an exceptional performance (good or bad) in any one period from having an undue influence on a fund's average performance—calculated separately for up markets and down markets. For up markets, the 12.5% of all funds with the highest adjusted averages are initially awarded an A+ rating, the next 12.5% get an A, the next 25% B, the following 25% C and the lowest quartile D. For down markets, the ratings range from A to F, with an occasional A+ awarded for outstanding performance. In both up-market and down-market ratings, downward adjustments are made to the initial grades where performance in the most recent of the three periods has been substantially below the average of all three. Thus the breakdown of final grades is skewed somewhat from the distribution described.

Explanation of column headings

The performance ratings are based on the following up markets and down markets:

Up markets:	Down markets:
May 26, 1970 to Jan. 11, 1973	Jan. 11, 1973 to Oct. 3, 1974
Oct. 3, 1974 to Sept. 21, 1976	Sept. 21, 1976 to Mar. 6, 1978
Mar. 6, 1978 to Nov. 28, 1980	Nov. 28, 1980 to June 30, 1982

In the Investment Results section, the average annual total return covers the period from May 26, 1970 to June 30, 1982; the latest 12 months is the period from June 30, 1981 to June 30, 1982.

In determining performance ratings and the latest 12 months' return from capital growth, capital gains distributions have been reinvested but income dividends have not. The average annual total return for 1970-82 reflects reinvestment of *all* distributions; it is expressed as a *compound* average annual rate. All results are based on initial investments at net asset value and do not allow for sales charges. Returns reported for closed-end investment companies may differ from those actually experienced by investors because such funds are not purchased (or sold) at net asset value but at a market price that may represent a premium over or discount from net asset value. The premium or discount as of June 30, 1982 is reported separately.

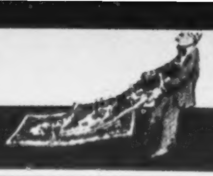
Return from income dividends is based on the June 30, 1982 net asset value and the income payout for the preceding 12 months. For closed-end investment companies, market price is used instead of net asset value.

Annual expenses include management fees and operating expenses as a percentage of average net assets.

FORBES fund composites

The FORBES stock fund composite, balanced fund composite and bond and preferred stock fund composite are the (unweighted) averages of *all* stock funds, balanced funds and bond and preferred stock funds, respectively.

Within the body of the table, the composites are further broken down so that the reader can compare not only the major categories of funds but also the smaller groups (load, no-load, closed-end) that make up those categories.



1982 Fund Ratings

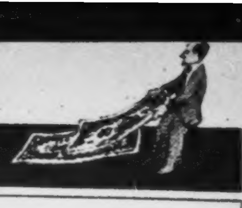
Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
		FORBES stock fund composite	9.6%	–15.5%	4.6%				
		FORBES balanced fund composite	8.1%	–9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
		Stock funds (load) Group averages	9.6%	–13.7%	5.0%				
D	C	Affiliated Fund	10.7%	–15.7%	7.9%	$1,430.6	–17.6%	7.25%	$0.34
A	B	AMCAP Fund	14.3	–6.9	5.9	394.0	55.1	8.50	0.82
•C	C	American Birthright Trust	—*	–9.6	none	114.3	–11.9	8.50	1.34
B	A	American General Comstock Fund	15.4	–9.8	6.9	153.4	–14.5	8.50	0.87
A	F	American General Enterprise Fund	10.3	–18.0	1.9	445.9	–26.3	8.50	0.77
A +	A	American General Pace Fund	17.0	–0.9	2.9	129.7	117.6	8.50	0.92
•B	B	American General Venture Fund	—*	0.1	4.1	82.3	36.3	8.50	0.98
C	A	American Growth Fund	12.8	–10.0	5.0	30.1	6.7	8.50	1.49
C	B	American Insurance & Industrial Fund	12.1	–9.6	4.4	12.1	–19.9	8.50	1.00
D	C	American Leaders Fund	5.8	–11.3	8.3	38.7	–19.5	6.50	1.41
D	A	American Mutual Fund	12.9	–8.2	8.4	478.4	–5.8	8.50	0.53
C	B	American National Growth Fund	12.4	–13.9	5.2	52.3	–9.4	8.50	0.83
D	D	Axe-Houghton Stock Fund	7.3	–21.4	0.8	100.5	–17.9	8.50	0.86
B	F	BLC Growth Fund	8.7	–23.5	3.7	11.7	–19.9	8.50	1.01
D	B	BLC Income Fund	11.3	–20.0	7.4	13.7	–16.5	8.50	0.98
C	C	Bullock Fund	9.6	–14.2	5.1	112.1	–20.2	8.50	0.79
C	D	The Cardinal Fund	8.2	–12.9	4.9	11.5	–14.8	8.50	0.97
•C	B	Centennial Equity Income Fund[1]	—*	–14.4	8.1	41.7	–20.6	8.50	1.14
B	F	Centennial Growth Fund[2]	5.9	–28.3	none	17.1	–35.7	8.50	1.50
B	F	CG Fund	8.9	–18.2	3.4	120.4	–20.9	7.50	0.75
A +	B	Charter Fund	18.0	–10.6	6.0	44.7	10.1	8.50	1.20
B	D	Chemical Fund	7.9	–16.3	3.9	890.8	–13.7	8.50	0.57
B	F	Colonial Growth Shares	6.9	–15.8	2.8	51.0	–23.9	8.50	1.22
C	F	Common Stock Fund State Bond & Mortgage Co	5.6	–18.4	5.3	26.9	–20.4	8.50	1.21
D	D	Commonwealth Fund Indenture of Trust Plan A & B	7.3	–6.9	9.3	8.6	–15.7	7.50	0.41
D	C	Commonwealth Fund Indenture of Trust Plan C	8.3	–7.3	8.9	30.7	–13.3	7.50	0.75
D	C	Composite Fund	7.5	–14.5	5.7	22.3	–14.2	7.00	0.89
C	D	Corporate Leaders Tr Fund Certificates, Series "B"	9.1	–15.0	7.3	41.5	–16.3	7.50	0.11
C	D	Country Capital Growth Fund	7.2	–13.6	3.8	39.7	–15.5	7.50	0.84
D	B	Decatur Income Fund	11.5	–10.8	9.5	349.4	–7.2	8.50	0.66
D	C	Delaware Fund	10.5	–8.9	7.2	219.6	–14.2	8.50	0.74
D	C	Delta Trend Fund	6.0	–9.2	4.2	13.7	33.0	8.50	1.40
D	C	Diversified Fund of State Bond and Mtge Co	8.2	–17.5	7.1	6.5	–12.2	8.50	1.00
D	D	Dividend Shares	7.8	–10.7	6.5	217.8	–13.5	8.50	0.84
C	C	The Dreyfus Fund	9.8	–16.2	5.6	1,515.4	–13.5	8.50	0.75
B	C	The Dreyfus Leverage Fund	11.2	–9.5	4.7	286.9	–11.0	8.50	1.00
•B	•C	Eagle Growth Shares	—*	–10.1	5.9	4.5	–10.0	8.50	1.34
		Eaton & Howard Funds							
A	D	Growth	8.1	–6.7	3.9	33.2	–9.0	7.25	0.91
D	F	Stock	4.4	–14.2	6.0	57.5	–21.5	7.25	0.71
B	C	Eaton Vance Growth Fund[3]	11.2	–17.1	4.1	48.4	–17.8	8.50	0.80
A	F	Fairfield Fund	8.5	–24.3	0.7	26.2	–20.1	8.50	1.15
•D	•D	Farm Bureau Growth Fund	—*	–13.6	7.2	35.1	–10.2	8.50	0.84
•B	A	Fidelity Destiny Fund	—*	–12.9	5.0	245.8	5.5	‡	0.80
A +	B	Fidelity Magellan Fund	19.0	–5.1	1.7	146.8	40.6	2.00	1.34
C	D	First Investors Discovery Fund	4.6	–20.4	1.1	4.9	–18.3	8.50	1.47
B	F	First Investors Fund for Growth	7.5	–22.4	2.9	50.9	–27.2	8.50	0.99
D	F	First Investors Natural Resources Fund	3.1	–32.9	6.2	8.1	–27.0	8.50	1.28

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. ‡Available only through contractual plan. [1] Formerly Hamilton Income Fund. [2] Formerly Hamilton Growth Fund. [3] Formerly Vance, Sanders Common Stock Fund.

1982 Fund Ratings

Performance			Investment results			Total assets			
in UP markets	in DOWN markets		Average annual total return 1970-82	Latest 12 months return from capital growth	Latest 12 months return from income dividends	6/30/82 (millions)	% change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	-16.5%	6.2%				
		FORBES stock fund composite	9.6%	-15.5%	4.6%				
		FORBES balanced fund composite	8.1%	-9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	-5.1%	13.9%				
		Stock funds (load) Group averages	9.6%	-13.7%	5.0%				
D	A	First Investors Option Fund	6.9%	-3.2%	6.3%	$116.6	42.5%	7.25%	$0.98
D	F	Founders Mutual Fund	6.9	-20.2	6.2	101.6	-23.5	4.00	0.40
		Franklin Custodian Funds							
A	F	Dynatech Series	8.3	-8.4	2.2	10.4	-11.9	7.25	1.08
C	D	Growth Series	6.2	-10.0	1.4	7.1	-17.4	7.25	1.05
D	B	Utilities Series	6.0	7.1	9.8	12.8	24.3	7.25	1.10
B	F	Franklin Option Fund	6.8	-9.2	2.8	4.4	-2.2	7.25	1.26
D	D	Fund of America	7.2	-10.6	8.8	72.3	-13.3	8.50	0.96
A+	C	Fund of the Southwest	13.6	-17.3	2.5	4.4	2.3	7.50	1.00
D	D	Fundamental Investors	6.6	-13.4	6.8	292.3	-21.5	8.50	0.64
B	A	Growth Fund of America	11.6	-8.9	4.9	172.7	13.3	8.50	0.76
•C	•C	The Guardian Park Avenue Fund	—*	-15.2	9.4	30.7	-24.6	8.50	0.69
D	F	Hamilton Funds	6.6	-16.7	4.9	196.3	-23.3	8.50	0.98
A	F	John Hancock Growth Fund	4.7	-21.5	1.9	25.8	-25.2	8.00	1.02
•B	C	IDS Growth Fund	—*	-19.1	2.6	288.0	-14.5	†	0.68
A+	F	IDS New Dimensions Fund	11.7	-14.4	6.9	204.2	-14.1	8.00	0.69
B	F	IDS Progressive Fund	8.3	-2.8	3.6	94.7	-13.9	8.00	0.81
•D	A	Income Fund of America	—*	-6.1	8.9	221.2	-6.3	8.50	0.71
C	C	The Investment Co of America	11.1	-10.4	6.6	1,537.3	-10.3	8.50	0.46
C	F	Investment Trust of Boston	7.8	-15.1	3.8	47.1	-23.4	7.25	0.90
A	D	Investors Research Fund	11.4	-9.4	2.9	16.6	-4.1	8.50	0.93
C	F	Investors Stock Fund	8.0	-9.9	7.4	1,221.9	-15.9	8.00	0.60
C	F	Investors Variable Payment Fund	7.1	-17.8	6.4	302.2	-23.4	8.00	0.63
D	B	ISI Growth Fund	9.1	-3.1	9.3	13.3	-4.3	8.50	1.37
D	B	ISI Income Fund	7.7	-0.6	11.8	8.3	-3.5	8.50	1.54
•D	B	ISI Trust Fund	—*	-3.1	12.0	102.8	-2.6	8.50	0.96
•D	C	JP Growth Fund	—*	-3.8	7.2	21.6	-8.1	8.00	0.75
A	D	Kemper Growth Fund	11.4	-13.6	2.7	136.9	-16.2	8.50	0.69
A+	C	Kemper Summit Fund	13.2	-14.3	2.2	49.0	-29.7	8.50	0.64
		Keystone Custodian Funds							
C	F	K-2	6.5	-15.5	2.2	102.2	-24.1	8.50	0.70
C	F	S-1	5.8	-13.8	5.2	51.6	-20.5	8.50	0.67
B	F	S-3	8.9	-18.3	3.5	90.4	-24.0	8.50	0.66
A+	F	S-4	7.8	-29.8	0.6	351.9	-31.2	8.50	0.63
C	D	MagnaCap Fund	6.2	-13.5	5.0	5.7	-5.0	7.25	1.97
•A	B	Massachusetts Capital Development Fund	—*	-12.8	4.2	177.3	-0.8	7.25	0.61
•B	F	Massachusetts Financial Development Fund	—*	-20.4	4.4	122.8	-21.9	7.25	0.77
B	F	Massachusetts Investors Growth Stock Fund	7.9	-13.8	3.7	671.5	-19.1	7.25	0.48
D	D	Massachusetts Investors Trust	6.7	-18.9	6.1	870.6	-25.7	7.25	0.45
•D	•F	Merrill Lynch Capital Fund	—*	-11.7	6.8	128.6	6.5	6.50	0.97
D	C	MidAmerica Mutual Fund	7.4	-9.0	6.7	27.6	-19.1	8.50	0.91
D	C	MIF/Nationwide Fund	7.7	-11.6	6.8	182.5	-15.6	7.50	0.70
C	D	MIF/Nationwide Growth Fund	6.6	-7.0	4.1	27.3	-11.1	7.50	0.77
•D	•F	Mutual Benefit Fund	—*	-12.1	5.4	19.1	-15.5	†	0.91
D	D	Mutual of Omaha Growth Fund	5.5	-12.8	5.7	13.9	-14.2	8.00	1.46
		National Securities							
C	F	Growth Fund	3.8	-15.3	3.5	75.4	-22.7	7.25	0.72
C	C	Stock Fund	10.1	-10.8	6.8	198.4	-17.3	7.25	0.68

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. †Fund not currently selling new shares.



Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	−16.5%	6.2%				
		FORBES stock fund composite	9.6%	−15.5%	4.6%				
		FORBES balanced fund composite	8.1%	−9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	−5.1%	13.9%				
		Stock funds (load) — Group averages	9.6%	−13.7%	5.0%				
D	B	**NEL Equity Fund**	11.4%	−4.1%	6.3%	$ 11.2	−5.9%	8.00%	$1.05
A	C	**NEL Growth Fund**	12.9	−2.1	2.2	49.1	7.4	8.00	0.84
•C	C	**NEL Retirement Equity Fund**	—'	−1.0	4.2	52.9	−2.6	8.00	0.72
•C	•D	**New Perspective Fund**	—'	−12.1	7.5	409.3	−13.8	8.50	0.78
A	C	**New York Venture Fund**	12.1	−17.5	5.1	50.7	−22.6	8.50	1.09
D	C	**Old Dominion Investors' Trust**	9.4	−15.9	8.5	3.1	−18.4	1.00	1.06
A +	F	**Oppenheimer A I M Fund**	10.3	−23.1	2.5	175.0	−24.9	8.50	1.20
B	F	**Oppenheimer Fund**	6.4	−29.7	2.7	229.1	−35.0	8.50	1.02
•A	•C	**Oppenheimer Special Fund**	—'	−17.1	1.8	252.7	8.7	8.50	1.00
•A	D	**Oppenheimer Time Fund**	—'	−12.1	2.4	74.0	−16.7	8.50	0.92
C	B	**Over-The-Counter Securities Fund**	14.5	−13.9	5.1	45.3	−11.7	8.00	1.18
D	B	**Paramount Mutual Fund**	11.0	0.7	1.4	11.0	8.9	8.50	1.92
A	D	**Philadelphia Fund**	12.1	−13.3	5.5	92.1	−16.1	8.50	0.85
B	C	**Pilgrim Fund**	9.0	−25.4	5.1	42.1	−17.1	7.25	1.48
C	C	**Pilot Fund**	9.5	−15.1	4.7	49.9	−22.0	8.00	1.13
C	D	**Pioneer Fund**	12.1	−22.0	6.0	887.8	−16.2	8.50	0.66
B	A	**Pioneer II**	18.5	−14.6	4.8	485.1	14.8	8.50	0.72
B	F	**Progress Fund**	7.7	−17.2	2.6	4.3	−20.4	8.50	1.22
		Putnam Funds							
C	C	**Growth**	10.5	−9.5	6.3	593.1	−12.7	8.50	0.53
B	D	**Investors**	10.9	−15.4	2.6	641.7	−3.9	8.50	0.52
A	C	**Vista**	12.2	−12.9	5.4	65.9	−13.3	8.50	0.90
A	C	**Voyager**	14.7	−17.8	2.1	87.9	−4.5	8.50	1.07
A	A	**Research Capital Fund**	8.6	−31.6	15.2	38.2	−26.7	7.25	0.85
C	D	**Research Equity Fund**	6.8	−12.7	3.9	46.8	−32.3	7.25	0.96
B	C	**St Paul Capital Fund**	11.8	−4.2	6.8	45.1	−7.6	6.00	0.96
A	B	**St Paul Growth Fund**	15.0	−5.9	5.6	36.7	1.1	6.00	0.99
		Security Funds							
A	D	**Equity**	10.8	−22.0	5.8	170.9	6.9	8.50	0.68
D	C	**Investment**	11.9	−12.6	8.5	96.7	−8.5	8.50	0.71
A +	F	**Ultra**	15.5	−17.3	0.2	45.6	−4.8	8.50	1.13
A +	D	**Seligman Capital Fund**[4]	12.9	−12.5	1.3	43.7	−14.0	7.25	0.89
C	D	**Seligman Common Stock Fund**[5]	10.3	−14.3	6.5	292.2	−22.5	7.25	0.55
B	F	**Seligman Growth Fund**[6]	7.7	−18.5	2.9	520.1	−29.0	7.25	0.52
D	B	**Sentinel Common Stock Fund**	10.6	−6.6	7.5	253.7	−10.8	8.50	0.88
C	C	**Sentinel Growth Fund**	9.0	−13.7	4.5	24.3	−11.3	8.50	0.95
B	D	**Sentry Fund**	9.7	−22.5	3.5	21.9	−19.2	8.00	0.76
B	D	**The Shearson Appreciation Fund**	8.2	−8.5	3.9	14.2	6.8	5.00	1.60
•C	D	**Shearson New Directions Fund**	—'	−20.0	5.2	4.4	−17.0	5.00	1.60
A	C	**Sigma Capital Shares**	10.9	−9.9	2.5	22.0	−12.0	8.50	1.33
C	D	**Sigma Investment Shares**	9.6	−12.0	5.9	42.2	−17.1	8.50	1.13
•B	D	**Sigma Special Fund**	—'	−20.2	2.8	7.5	−21.9	8.50	1.27
A +	C	**Sigma Venture Shares**	14.0	−19.3	1.8	22.7	−4.6	8.50	1.17
B	D	**Smith, Barney Equity Fund**	9.9	−15.2	3.4	47.8	−17.7	5.00	1.00
D	A	**Smith, Barney Income & Growth Fund**	9.5	−10.4	6.7	3.8	−5.0	5.00	2.00
D	C	**Sovereign Investors**	9.1	−5.5	6.5	8.1	−4.7	5.00	1.00
B	D	**State Street Investment Corp**	9.4	−27.3	4.3	370.7	−23.8	†	0.50

•Fund rated for two periods only; maximum allowable rating A. 'Fund not in operation for full period. †Fund not currently selling new shares. [4]Formerly Union Capital Fund. [5]Formerly Broad Street Investing Corp. [6]Formerly National Investors Corp.

1982 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	−16.5%	6.2%				
		FORBES stock fund composite	9.6%	−15.5%	4.6%				
		FORBES balanced fund composite	8.1%	−9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	−5.1%	13.9%				
		Stock funds (load) — Group averages	9.6%	−13.7%	5.0%				
•C	•F	Sun Growth Fund	—*	−16.5%	4.5%	$ 3.0	−73.5%	8.50%	$0.84
B	F	Surveyor Fund	6.3%	−21.7	2.8	75.5	−26.7	8.50	1.00
A	D	Technology Fund	10.8	−18.5	3.5	449.8	−13.2	8.50	0.54
B	B	Templeton Growth Fund	17.3	−22.5	3.5	508.2	−21.4	8.50	0.78
D	D	Transamerica Capital Fund	7.0	−12.5	5.4	35.6	−14.8	8.00	0.85
B	D	Travelers Equities Fund	10.3	−21.1	7.2	35.3	−16.2	8.50	0.85
C	F	United Accumulative Fund	8.3	−12.3	7.7	336.2	−16.0	8.50	0.60
D	C	United Income Fund	7.1	−13.5	7.8	386.4	−23.1	8.50	0.63
•D	D	United International Growth Fund'	—*	−9.8	7.8	54.7	−4.7	8.50	0.86
B	F	United Science & Energy Fund	6.8	−14.4	6.9	140.4	−17.5	8.50	0.67
B	C	United Vanguard Fund	10.1	−5.1	8.1	79.1	25.8	8.50	0.92
A	C	Vance, Sanders Special Fund	15.2	−16.5	4.7	86.4	−14.2	8.50	0.75
D	F	The Wall Street Fund	4.5	−25.3	4.4	5.1	−32.0	†	2.09
D	B	Washington Mutual Investors Fund	11.4	−8.1	6.3	348.7	−10.0	8.50	0.60
		Not rated**							
		American National Income Fund	—*	−8.1	8.0	19.4	22.8	8.50	0.88
		Chancellor New Decade Growth Fund	—*	−19.0	3.7	25.7	3.6	6.75	1.36
		Chancellor Tax-Managed Utility Fund	—*	—	—*	111.6	—	6.75	1.12
		Colonial Option Growth Trust	—*	−11.6	3.2	2.7	125.0	8.50	1.50
		Colonial Option Income Fund	—*	−10.5	6.0	226.1	6.2	8.50	0.91
		Colonial Tax-Managed Trust	—*	10.5	none	152.0	50.9	8.50	0.96
		Eaton Vance Tax-Managed Trust	—*	—	—*	230.2	—	8.50	1.12
		Eberstadt Energy-Resources Fund	—*	−43.2	2.0	30.6	−44.9	8.50	1.33
		The 44 Wall Street Equity Fund	—*	−28.8	none	19.7	−29.6	8.50	1.55
		The Edson Gould Fund	—*	−26.4	none	2.8	−36.4	6.50	2.00
		IDS Discovery Fund	—*	—	—*	84.5	—	8.00	0.84
		InterCapital Dividend Growth Securities	—*	−9.7	7.1	14.7	3.5	5.50	1.50
		InterCapital Industry-Valued Securities	—*	−14.8	4.7	18.4	12.9	5.50	1.46
		InterCapital Natural Resource Development Sec	—*	−34.6	5.4	26.6	−32.0	5.50	1.50
		Kemper Option Income Fund	—*	−7.6	5.5	54.7	−21.3	8.50	0.88
		Lord Abbett Developing Growth Fund	—*	−16.3	1.0	96.9	15.9	8.50	0.95
		Massachusetts Financial Emerging Growth Trust	—*	—	—*	2.9	—	7.25	1.50
		Merrill Lynch Basic Value Fund	—*	−17.5	7.3	103.0	−8.7	6.50	0.92
		Merrill Lynch Special Value Fund	—*	−25.6	4.9	42.1	−24.6	6.50	1.30
		Oppenheimer Directors Fund	—*	−24.9	none	45.3	4.4	8.50	1.28
		Oppenheimer Option Income Fund	—*	−5.8	5.9	48.4	−15.8	8.50	1.05
		Oppenheimer Target Fund	—*	10.9	1.0	12.9	43.3	3.00	0.69
		Phoenix-Chase Growth Fund Series	—*	−2.1	6.4	37.3	−5.3	8.50	1.16
		Phoenix-Chase Stock Fund Series	—*	−4.2	4.0	24.9	−8.8	8.50	1.33
		Planned Investment Fund	—*	−9.1	none	2.6	−18.8	[illegible]	4.50
		Putnam Health Sciences Trust	—*	—	—*	250.0	—	†	NA
		Putnam Option Income Trust	—*	−9.0	4.7	76.4	−17.0	8.50	0.93
		Strategic Investments Fund	—*	−31.1	21.2	21.3	−4.1	8.50	1.27
		Tax-Managed Fund for Utility Shares	—*	3.4	none	133.7	−11.0	8.50	1.24
		Templeton Global Fund	—*	−6.6	2.3	125.0	77.8	†	NA
		Templeton World Fund	—*	−17.1	4.6	656.2	17.3	8.50	0.81

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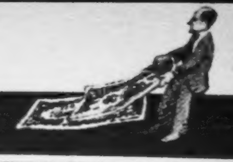

Performance			Investment results						
in UP markets	in DOWN markets		Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/82 (millions)	Total assets: % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
		FORBES stock fund composite	9.6%	–15.5%	4.6%				
		FORBES balanced fund composite	8.1%	–9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
		Stock funds (no load) — Group averages	9.4%	–16.2%	4.1%				
•A	F	Able Associates Fund	—*	–36.9%	none	$ 3.7	–50.0%	none	$ 2.30
•A	C	Acorn Fund	—*	–19.5	4.3%	101.6	–12.0	none	0.95
A	F	ADV Fund	9.5%	–7.8	3.7	15.8	–1.9	none	1.78
A+	D	Afuture Fund	16.0	–6.6	3.8	28.3	–8.4	none	0.75
B	D	Alpha Fund	8.2	–12.2	3.3	12.3	–15.8	none	1.60
A	D	American Investors Fund	7.3	–39.7	none	119.8	–43.6	none	1.20
A	D	Armstrong Associates	11.5	–12.9	4.1	7.7	–7.2	none	1.50
C	F	David L Babson Investment Fund	6.6	–17.8	4.6	205.7	–27.0	none	0.59
D	C	Beacon Hill Mutual Fund	6.5	–5.3	0.4	2.0	–9.1	none	3.90
B	F	Boston Company Capital Appreciation Fund	7.4	–23.9	5.9	163.4	–27.6	none	0.77
D	F	Boston Mutual Fund	5.1	–13.5	4.8	3.1	–16.2	none	1.03
D	B	Capamerica Fund	10.1	–12.9	7.8	2,9	–14.7	none	2.07
A	F	Capital Shares	8.5	–24.1	2.6	35.6	–26.0	none	1.46
C	C	Century Shares Trust	9.1	–16.7	6.2	56.7	–21.1	none	0.97
B	C	Columbia Growth Fund	12.1	–11.5	2.6	35.1	–0.3	none	1.22
D	B	Concord Fund	9.6	–16.4	4.2	1.4	–22.2	†	2.18
A	D	The Constellation Growth Fund	9.4	–35.5	none	28.6	–34.0	none	1.20
C	D	de Vegh Mutual Fund	7.6	–16.9	3.7	54.8	–20.0	none	1.09
C	C	Directors Capital	–1.9	–12.9	none	0.9	–25.0	none	12.89
C	D	Dodge & Cox Stock Fund	8.9	–14.3	6.2	17.4	–11.7	none	0.75
D	F	The Drexel Burnham Fund	5.8	–13.4	6.7	37.0	–15.7	none	1.10
•A	C	Dreyfus Number Nine	—*	–30.3	3.9	115.7	–15.2	none	1.10
•A	C	The Dreyfus Third Century Fund	—*	–29.7	6.0	91.1	–20.2	none	1.06
•D	B	Energy & Utility Shares	—*	–5.7	10.2	7.0	–33.3	none	1.99
B	D	Energy Fund	11.2	–21.8	7.4	283.7	–23.1	none	0.82
•A	C	The Evergreen Fund	—*	–18.0	2.3	92.9	–7.3	none	1.25
B	B	Explorer Fund	10.9	–19.4	2.3	45.5	5.1	none	1.01
C	C	Fidelity Contrafund	11.2	–20.1	7.0	56.8	–21.6	none	1.00
D	A	Fidelity Equity-Income Fund	13.4	–8.2	9.1	222.8	17.0	none	0.83
C	C	Fidelity Fund	9.6	–10.6	6.1	432.4	–19.6	none	0.74
D	A	Fidelity Puritan Fund	11.1	–9.0	9.5	594.1	–14.6	none	0.66
B	F	Fidelity Trend Fund	6.3	–17.0	3.1	448.4	–23.4	none	0.87
C	B	Financial Dynamics Fund	9.8	–8.5	4.0	51.7	–11.5	none	0.69
C	C	Financial Industrial Fund	10.9	–6.6	6.0	271.9	–8.9	none	0.64
D	B	Financial Industrial Income Fund	12.4	–6.7	8.8	148.3	–9.9	none	0.66
A+	D	The 44 Wall Street Fund	18.8	–38.7	none	98.7	–27.1	none	1.54
B	D	Founders Growth Fund	9.3	–11.3	3.9	31.2	–20.4	none	1.30
D	A	Founders Income Fund	9.1	–10.2	8.5	5.1	–16.4	none	1.50
A	C	Founders Special Fund	11.4	–23.1	1.7	30.0	–8.5	none	1.39
D	D	Foursquare Fund	6.4	–16.9	5.0	4.9	–23.4	none	2.20
C	C	General Securities	6.9	–19.4	8.8	9.1	–16.5	none	1.50
A	D	Growth Industry Shares	10.3	–12.8	2.0	38.4	–14.7	none	0.90
C	C	Guardian Mutual Fund	12.9	–11.9	6.3	166.6	–8.8	none	0.81
A+	D	Hartwell Growth Fund	11.1	–24.5	none	6.6	–24.1	none	2.60
A+	D	Hartwell Leverage Fund	12.8	–29.2	none	15.1	–32.3	none	1.70
C	F	Herold Fund	4.8	–4.8	none	1.6	–23.8	†	2.08
B	D	Istel Fund	10.0	–25.6	7.6	94.8	–28.2	none	0.96
B	F	Ivest Fund	6.0	–19.2	3.9	120.2	–25.5	none	0.92
C	D	Ivy Fund	7.9	–8.1	6.2	57.0	2.7	none	1.27

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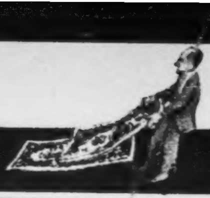
1982 Fund Ratings



Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
		FORBES stock fund composite	9.6%	–15.5%	4.6%				
		FORBES balanced fund composite	8.1%	–9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
		Stock funds (no load) Group averages	9.4%	–16.2%	4.1%				
A	A	Janus Fund	18.4%	–9.7%	2.0%	$ 44.9	16.9%	none	$1.43
A	D	Lexington Growth Fund	10.5	–31.1	3.1	13.1	–31.1	none	1.43
C	D	Lexington Research Fund	8.9	–18.0	4.8	76.6	–20.1	none	1.04
B	C	Loomis-Sayles Capital Development Fund	12.6	–2.6	2.7	67.1	–5.1	none	0.82
C	D	Mairs & Power Growth Fund	8.7	–9.0	3.8	12.6	–11.9	none	0.94
C	F	Manhattan Fund	1.3	–11.6	3.5	51.4	–17.6	none	1.40
C	D	Horace Mann Fund	7.4	–21.2	2.2	50.6	–27.8	none	0.85
A	D	Mathers Fund	12.7	–26.4	3.9	159.5	–28.7	none	0.59
B	D	W L Morgan Growth Fund	11.1	–14.9	3.4	209.1	–16.8	none	0.90
B	B	Mutual Shares	18.6	–10.1	5.2	130.0	–2.4	none	0.75
B	A	Naess & Thomas Special Fund	13.1	–19.6	0.3	16.5	1.9	none	1.52
C	C	National Aviation & Technology	9.7	–22.9	4.7	73.1	–28.8	none	1.17
B	F	National Industries Fund	8.6	–18.4	4.2	25.5	–18.3	none	1.66
C	F	Neuwirth Fund	5.9	–18.9	0.8	15.0	–3.2	none	1.87
B	D	Newton Growth Fund	7.4	–12.7	2.7	15.6	–11.9	none	1.20
A	B	Nicholas Fund	15.4	–14.6	4.0	56.1	–11.5	none	1.03
•D	C	North Star Stock Fund	—*	–10.8	5.8	17.1	4.3	none	0.80
A	D	Omega Fund	10.6	–31.4	none	23.5	–35.6	none	1.39
D	C	The One Hundred & One Fund	6.1	–22.0	6.2	.8	–27.3	none	2.00
D	D	The One Hundred Fund	2.8	–22.3	2.3	9.4	–28.8	none	1.63
B	D	The One William Street Fund	9.9	–11.6	5.4	252.9	–16.5	none	0.58
•C	•B	Partners Fund	—*	–2.2	7.3	74.4	21.8	none	1.32
D	C	Penn Square Mutual Fund	9.9	–18.7	7.4	126.1	–21.5	none	0.65
B	C	Pennsylvania Mutual Fund	8.0	–20.1	none	26.7	–28.2	none	1.84
D	D	Pine Street Fund	9.3	–16.2	6.0	34.5	–20.1	none	1.22
B	C	Plitrend Fund	12.7	–23.4	3.5	16.9	–28.7	none	1.24
C	F	T Rowe Price Growth Stock Fund	5.1	–22.0	5.0	802.3	–22.0	none	0.49
A	D	T Rowe Price New Era Fund	10.1	–28.9	7.3	342.1	–30.5	none	0.64
A +	F	T Rowe Price New Horizons Fund	10.8	–24.7	4.7	787.6	–19.9	none	0.53
D	F	PRO Fund	3.1	–22.9	2.9	28.8	–33.2	none	1.21
D	F	Revere Fund	0.9	–20.5	2.8	3.0	–36.2	none	2.10
C	D	SAFECO Equity Fund	10.5	–23.7	8.0	27.2	–26.7	none	0.62
B	C	SAFECO Growth Fund	11.0	–23.2	4.9	35.7	–23.2	none	0.64
D	B	SAFECO Income Fund	10.9	–14.6	9.1	14.3	–16.4	none	0.63
C	D	Schuster Fund	6.4	–20.6	none	9.7	–28.2	none	1.65
C	F	Scudder Common Stock Fund	8.4	–14.0	4.6	139.7	–11.2	none	0.73
•A	C	Scudder Development Fund	—*	–17.8	1.8	88.8	11.0	none	1.17
C	F	Scudder Special Fund	6.7	–21.2	3.8	94.7	–21.8	none	0.93
D	D	Selected American Shares	5.2	–9.2	8.1	65.1	–15.8	none	0.94
D	F	Selected Special Shares	4.2	–23.5	3.2	24.1	–29.5	none	1.10
•B	A	Sequoia Fund	—*	4.2	5.2	149.8	32.5	none	1.10
B	A	Sherman, Dean Fund	8.8	–36.1	none	4.6	–42.5	none	1.91
•B	•F	Sierra Growth Fund	—*	–22.9	2.9	3.0	–26.8	none	2.03
D	F	Steadman American Industry Fund Trust	0.2	–23.3	5.4	10.8	–29.4	none	3.61
D	D	Steadman Investment Fund	5.2	–16.7	7.0	13.3	–21.3	none	2.43
C	C	Steadman Oceanographic, Tech & Growth Fund	5.3	–23.6	2.8	7.3	–27.7	none	3.91
A +	F	Stein Roe & Farnham Capital Opportunities Fund	12.5	–17.9	2.0	110.5	–12.4	none	0.91
A	F	Stein Roe & Farnham Stock Fund	8.8	–15.0	2.7	169.9	–15.8	none	0.62

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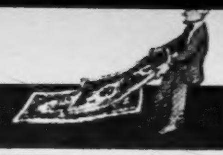
1982 Fund Ratings



Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	-16.5%	6.2%				
		FORBES stock fund composite	9.6%	-15.5%	4.6%				
		FORBES balanced fund composite	8.1%	-9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	-5.1%	13.9%				
		Stock funds (no load) Group averages	9.4%	-16.2%	4.1%				
B	A	Tudor Fund	9.9%	-3.3%	1.9%	$ 21.2	6.5%	none	$1.58
A+	C	Twentieth Century Growth Investors	21.5	-23.6	none	261.9	2.3	none	1.08
A+	B	Twentieth Century Select Investors	17.9	-13.2	0.9	49.4	68.0	none	1.08
B	B	The Value Line Fund	13.4	-9.2	6.5	72.9	-2.0	none	0.63
D	A	The Value Line Income Fund	13.9	-0.6	9.3	70.5	-5.8	none	0.75
•B	B	Value Line Leveraged Growth Investors	—*	0.2	4.3	47.5	99.6	none	0.77
A	C	The Value Line Special Situations Fund	9.6	-18.4	2.9	119.7	-22.2	none	0.97
C	D	Variable Stock Fund	7.4	-13.3	4.2	4.9	-15.5	none	1.24
A+	D	Weingarten Equity Fund	15.2	-17.2	0.3	35.5	-24.0	none	1.20
C	B	Windsor Fund	12.4	-12.1	7.3	918.4	-6.0	none	0.63
		Not rated**							
		Alliance Technology Fund	—*	—	—*	6.0	—	none	NA
		Analytic Optioned Equity Fund	—*	-8.4	4.9	16.7	160.9	none	1.50
		Bridges Investment Fund	—*	-12.2	6.9	2.1	-12.5	none	1.12
		The Evergreen Total Return Fund	—*	-9.0	7.0	17.2	3.6	none	1.37
		Fidelity Asset Investment Trust	—*	-11.1	1.4	28.8	20.5	none	1.14
		Fidelity Select-Technology Portfolio	—*	—	—*	2.4	—	none	1.50
		Finomic Investment Fund	—*	-26.0	2.2	3.4	6.3	none	1.50
		Gateway Option Income Fund	—*	-6.9	4.7	20.9	3.5	none	1.50
		Gintel ERISA Fund	—*	—	—*	15.4	—	none	1.60
		Gintel Fund	—*	6.1	6.4	45.8	249.6	none	1.30
		Golconda Investors	—*	-32.4	7.9	6.2	-19.5	none	2.00
		The GSC Performance Fund	—*	-34.2	none	6.9	-18.8	none	2.70
		Lehman Capital Fund	—*	-5.5	3.4	38.1	2.1	none	1.30
		Leverage Fund of Boston[8]	11.6	-12.0	2.3	34.4	-44.1	†	0.80
		Lindner Fund	—*	6.0	3.1	87.6	307.4	none	1.33
		Mairs & Power Income Fund	—*	-15.0	9.5	1.8	-14.3	none	1.20
		Medical Technology Fund	—*	-14.8	0.4	17.9	18.5	none	1.56
		Mutual Qualified Income Fund	—*	-2.1	3.1	13.1	184.8	none	0.85
		North Star Regional Fund	—*	-8.2	4.7	15.4	17.6	none	1.00
		Nova Fund	—*	-14.8	2.5	13.8	50.0	none	2.00
		Pax World Fund	—*	-10.4	5.3	5.3	26.2	none	1.60
		P-C Capital Fund[9]	3.1	-12.5	none	8.1	-58.0	†	0.79
		Qualified Dividend Portfolio I	—*	0.2	10.0	17.6	-15.8	none	0.80
		Quasar Associates	—*	-24.6	0.5	16.7	-10.7	none	1.34
		Quest for Value Fund	—*	5.1	1.9	5.6	133.3	none	2.77
		The Rainbow Fund	—*	-27.0	none	1.6	-23.8	none	3.21
		Scudder Capital Growth Fund[10]	8.1	-25.1	none	35.2	-58.9	†	0.67
		SteinRoe Special Fund	—*	-23.1	3.1	49.3	-24.9	none	0.93
		SteinRoe Universe Fund	—*	-13.9	1.2	115.1	-5.4	none	1.16
		Stratton Growth Fund	—*	-6.7	2.5	5.8	-20.6	none	1.90
		Trustees' Commingled Equity Fund	—*	-15.9	7.2	104.7	24.5	none	0.67
		Twentieth Century ULTRA Investors	—*	—	—*	37.6	—	none	1.08
		Unified Accumulation Fund	—*	-4.4	none	1.9	-5.0	none	3.01
		Unified Growth Fund	—*	-19.3	3.9	3.5	-27.1	none	1.39
		United Services Gold Shares[11]	—*	-33.5	19.3	61.3	-21.4	none	1.00

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1982 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
		FORBES stock fund composite	9.6%	–15.5%	4.6%				
		FORBES balanced fund composite	8.1%	–9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
		Stock funds (no load) — Group averages	9.4%	–16.2%	4.1%				
		Not rated**							
		USAA Mutual Fund-Growth Fund	—*	–16.9%	3.0%	$54.5	–14.7%	none	$1.00
		USAA Mutual Fund-Sunbelt Era Fund	—*	—	—*	6.0	—	none	1.50
		Vanguard Index Trust	—*	–16.1	5.9	79.9	–22.1	none	0.42
		Stock funds (closed end) — Group averages	10.7%	–22.3%	4.9%			% prem (+) or disc (–)	
C	C	The Adams Express Company	11.6%	–13.8%	8.3%	$260.8	–15.2%	–11.2%	$0.46
B	A	ASA Limited	17.6	–38.0	19.4	301.9	–38.0	–13.8	0.20
•C	B	Baker, Fentress & Co	—*	–18.3	4.8	223.4	–19.6	–27.3	0.49
B	F	Central Securities	10.3	–12.4	3.4	61.6	–14.2	–26.1	0.78
B	A	Claremont Capital	8.0	–8.3	6.4	30.9	–13.2	–22.3	1.02
C	F	Consolidated Investment Trust	6.7	–19.8	7.2	34.3	–24.8	–2.4	0.38
A +	C	General American Investors	13.4	–18.6	3.6	164.6	–25.2	+9.0	1.19
•D	C	Highland Capital Corp	—*	–31.6	none	7.6	–62.2	+17.6	3.68
C	A +	The Japan Fund	15.2	–21.4	1.9	184.7	–25.0	–14.9	0.66
B	D	The Lehman Corp	11.3	–12.7	5.8	503.1	–17.7	–4.5	0.47
B	C	Madison Fund	14.5	–16.4	7.4	455.9	–24.6	–15.8	1.08
A +	F	Niagara Share Corp	10.7	–27.1	3.6	116.5	–33.5	+5.7	0.99
D	F	OTF Equities	–2.1	–32.1	none	.6	–25.0	+24.6	24.90
A +	C	Petroleum & Resources Corp	15.2	–24.2	5.9	183.0	–28.9	+4.7	0.44
•B	•D	Precious Metals Holdings	—*	–33.3	12.4	43.5	–34.8	–9.1	1.23
•C	A	Source Capital	—*	–6.8	7.4	202.6	–8.9	–6.7	1.02
A +	F	Spectra Fund	7.9	–18.0	none	3.0	–18.9	–47.0	3.10
B	F	Tri-Continental Corp	10.4	–15.9	6.1	683.4	–19.1	–11.1	0.53
B	D	U S & Foreign Securities	10.4	–10.5	5.7	137.8	–17.7	–9.0	1.00
		Not rated**							
		CL Assets	—*	neg	none	12.6	–13.7	neg	1.60
		Engex	—*	–30.7	3.8	11.1	–31.5	–29.6	0.85
		Equity Strategies Fund	—*	—	—*	5.3	—	–3.7	1.50
		The Mexico Fund	—*	–66.7	none	37.4	–66.7	–13.1	1.50
		Nautilus Fund	—*	–14.6	none	15.1	–14.7	–4.6	1.51
		Funds for investing abroad — Group averages	9.6%	–23.8%	4.2%			Maximum sales charge	
C	D	Canadian Fund	6.4%	–32.8%	6.5%	$18.0	–36.6%	8.50%	$1.12
A	A	International Investors	19.0	–28.3	12.6	203.3	–23.7	8.50	0.93
C	F	Keystone International Fund	5.0	–20.7	2.6	27.1	–28.5	8.50	1.06
B	D	Putnam International Equities	10.4	–21.5	4.0	31.8	–24.3	8.50	1.44
D	C	Scudder International Fund	8.0	–16.9	2.7	57.1	1.4	none	1.12
C	C	Transatlantic Fund	9.0	–34.9	2.3	27.6	–31.3	none	1.24
		Not rated**							
		Alliance International Fund	—*	—	—*	19.3	—	none	1.65
		G T Pacific Fund	—*	–23.0	1.1	11.4	–22.5	none	1.50
		Kemper International Fund	—*	–17.9	3.6	19.8	–13.5	8.50	1.50
		Merrill Lynch Pacific Fund	—*	–20.6	3.2	36.4	81.1	6.50	1.75
		T Rowe Price International Fund	—*	–21.3	3.1	69.4	10.2	none	1.10

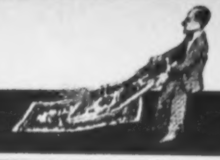
•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Oct. 3, 1974, or funds that were not rated because of a change in investment policy. neg: negative net asset value.

1982 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
		FORBES stock fund composite	9.6%	–15.5%	4.6%				
		FORBES balanced fund composite	8.1%	–9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
		Balanced funds (load) — Group averages	8.6%	–8.1%	9.7%				
C	D	American Balanced Fund	8.1%	–9.4%	9.3%	$ 86.3	–10.8%	8.50%	$0.75
B	D	American General Harbor Fund	11.0	–12.4	7.1	109.6	–15.3	8.50	0.79
C	C	Axe-Houghton Fund B	9.1	–10.3	6.5	129.3	–19.1	8.00	0.67
C	D	Boston Foundation Fund	7.5	–8.1	9.8	22.4	–11.8	8.50	1.54
D	B	CG Income Fund	6.7	–4.4	13.4	163.7	–2.6	7.50	0.70
B	D	The Colonial Fund	7.0	–11.1	6.3	54.4	–15.5	8.50	0.99
A	F	Commerce Income Shares	8.1	–7.0	11.7	44.9	–10.9	8.00	1.00
C	C	Composite Bond & Stock Fund	8.6	–13.2	9.3	17.6	–12.0	7.00	0.90
B	F	Eaton & Howard Balanced Fund	6.6	–14.0	8.1	55.3	–22.9	7.25	0.71
D	B	Eaton & Howard Income Fund	7.5	–7.0	14.0	17.5	–7.9	7.25	0.93
C	B	Franklin Custodian Funds—Income Series	11.4	–4.0	12.9	37.4	3.9	7.25	0.96
B	F	Investors Mutual	7.1	–7.5	9.5	995.9	–17.7	8.00	0.57
A+	D	Kemper Total Return Fund	13.5	–11.9	5.6	99.5	–0.8	8.50	0.62
D	D	Keystone Custodian Funds—K-1	7.9	–10.4	11.0	54.7	–16.9	8.50	0.63
D	C	Lord Abbett Income Fund	8.4	–1.5	12.7	33.7	9.4	7.25	1.22
D	B	Magna Income Trust	7.4	–6.1	14.7	6.4	–5.9	7.25	1.48
A+	F	Massachusetts Fund	9.1	–10.3	10.7	163.0	–16.2	8.50	0.61
•C	C	Mass Income Development Fund	—*	–12.3	9.7	155.8	–17.4	7.25	0.76
D	C	Mutual of Omaha Income Fund	7.8	–2.9	12.4	29.4	9.7	8.00	1.04
B	D	Nation-Wide Securities	8.0	–10.6	8.1	30.5	–18.7	8.50	1.06
		National Securities							
C	F	Balanced Fund	6.7	–6.4	7.1	1.7	–15.0	7.25	0.76
C	B	Income Fund	10.2	–6.9	9.4	48.6	–12.6	7.25	0.82
A	D	National Total Return Fund[12]	10.5	–14.5	8.6	81.4	–13.7	7.25	0.72
•D	C	Oppenheimer Income Fund of Boston	—*	–8.4	11.3	32.2	–12.0	8.50	1.35
•B	C	Phoenix-Chase Convertible Fund Series[13]	—*	–9.6	10.1	45.2	–47.3	8.50	1.52
D	B	Provident Fund for Income	8.7	–9.5	8.9	81.9	–20.2	7.25	0.84
•A	C	Putnam Convertible Fund	—*	–8.4	8.9	19.4	2.1	8.50	1.14
A	D	The George Putnam Fund of Boston	9.0	–7.7	9.6	221.5	–11.8	8.50	0.59
D	A	Putnam Income Fund	7.3	–0.7	12.8	121.5	–4.3	6.75	0.87
B	C	Seligman Income Fund[14]	10.2	–6.7	11.0	55.1	–9.2	7.25	0.78
D	A	Sentinel Balanced Fund	8.2	–3.5	9.0	10.1	–11.4	8.50	0.93
•D	A	Shearson Income Fund	—*	–2.1	9.7	4.6	–8.0	5.00	1.40
C	C	Sigma Trust Shares	8.7	–10.2	9.0	19.7	–16.5	8.50	1.06
A	D	SoGen International Fund	8.5	–3.8	9.8	25.2	–0.8	4.50	1.55
•B	F	United Continental Income Fund	—*	–13.6	9.3	34.1	–25.6	8.50	0.89
A	D	Vance, Sanders Investors Fund	9.1	–9.4	8.8	116.1	–15.9	8.50	0.73
		Not rated**							
		Convertible Yield Securities	—*	–10.8	6.3	18.7	–26.1	6.50	1.49
		Country Capital Income Fund	—*	–6.6	11.3	2.9	–9.4	5.00	1.50
		GPM Fund	—*	–12.2	5.7	2.1	–12.5	8.00	1.50
		Merrill Lynch Equi-Bond I Fund	—*	–5.1	8.5	11.0	–6.0	4.00	1.50
		Phoenix-Chase Balanced Fund Series	—*	–1.7	9.4	48.1	–8.9	8.50	1.00
		Balanced funds (no load) — Group averages	6.0%	–9.2%	10.7%				
B	F	Dodge & Cox Balanced Fund	7.9%	–9.4%	7.9%	$ 14.9	–10.2%	none	$0.79
•C	C	The Dreyfus Special Income Fund	—*	–14.3	11.5	59.7	–17.3	none	0.85

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Oct. 3, 1974, or funds that were not rated because of a change in investment policy. [12] Formerly National Securities-Dividend Fund. [13] Formerly Chase Convertible Fund of Boston. [14] Formerly Union Income Fund.

1982 Fund Ratings



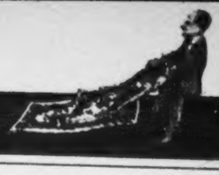
Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1970-82	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.4%	-16.5%	6.2%				
		FORBES stock fund composite	9.6%	-15.5%	4.6%				
		FORBES balanced fund composite	8.1%	-9.1%	9.7%				
		FORBES bond and preferred stock fund composite	6.3%	-5.1%	13.9%				
		Balanced funds (no load) — Group averages	6.0%	-9.2%	10.7%				
B	D	Loomis-Sayles Mutual Fund	7.3%	-6.2%	7.9%	$ 66.6	-12.8%	none	$0.81
•D	F	Newton Income Fund-Income Fund Portfolio	—*	-7.4	12.9	5.0	-5.7	none	1.75
D	F	Scudder Income Fund	5.6	-4.9	13.5	63.2	19.9	none	0.83
C	D	Southwestern Investors Income Fund	2.9	-6.0	13.7	2.9	-14.7	none	1.07
A +	F	Stein Roe & Farnham Balanced Fund	6.4	-16.0	5.6	68.8	-21.5	none	0.70
A +	F	Unified Mutual Shares	6.8	-20.0	7.8	6.1	-24.7	none	1.24
•D	B	Wellesley Income Fund	—*	-9.2	12.9	80.5	-15.7	none	0.72
B	F	Wellington Fund	7.8	-11.2	9.4	470.2	-17.8	none	0.62
C	F	Wisconsin Income Fund	3.5	-6.2	14.9	10.2	-3.8	none	1.00
		Not rated**							
		USAA Mutual Fund-Income Fund	—*	0.8	10.2	15.9	17.8	none	0.97
		Balanced funds (closed end) — Group averages	—	-19.1%	6.6%			% prem (+) or disc (-)	
•A	B	American General Convertible Securities	—*	-11.8%	8.6%	$ 54.3	-45.7%	+ 1.8%	$0.93
•A	D	Bancroft Convertible Fund	—*	-22.6	9.3	33.3	-53.8	-7.4	1.20
•B	B	Castle Convertible Fund	—*	1.8	8.5	27.4	-4.9	-13.0	1.39
•C	•F	Cyprus Corp	—*	-43.9	none	45.1	-11.6	+ 63.0	1.10
		Bond and preferred stock funds (load) — Group averages	6.4%	-6.1%	14.2%			Maximum sales charge	
		Not rated							
		Age High Income Fund	—*	-9.3%	15.3%	$ 15.7	93.8%	7.25%	$1.18
		American General Capital Bond Fund	—*	-8.6	13.5	74.1	-11.6	8.50	0.90
		American General High Yield Investments	—*	-8.3	15.4	229.5	-2.2	6.75	0.84
		American National Bond Fund	—*	0.1	11.6	3.1	-6.1	5.00	1.00
		Axe-Houghton Income Fund	7.4	-3.2	12.6	30.1	-7.1	8.00	0.99
		Bond Fund of America	—*	-4.1	14.9	200.4	21.7	8.50	0.73
		Chancellor High Yield Fund	—*	-10.9	16.1	114.4	85.1	6.75	0.96
		Chancellor Quality Income Fund	—*	—	—*	6.6	—	6.75	NA
		Colonial High Yield Securities	—*	-13.8	16.5	41.3	4.3	8.50	1.09
		Colonial Income Fund	6.4	-4.9	14.3	143.6	-10.3	8.50	0.77
		Composite Income Fund	—*	-4.7	13.2	3.2	-3.0	7.00	1.20
		Delchester Bond Fund	—*	-7.0	14.8	25.3	4.1	8.50	0.95
		Federated High Income Securities	—*	-8.9	15.3	72.3	24.9	6.50	1.11
		First Investors Bond Appreciation Fund	—*	-7.0	10.8	42.4	7.3	7.25	1.12
		First Investors Fund for Income	—*	-14.3	15.4	515.7	-9.4	8.50	0.91
		Franklin Custodian Funds—U.S. Govt Series	3.3	0.0	12.3	9.0	3.5	7.25	1.09
		John Hancock Bond Fund	—*	-3.8	13.7	365.5	27.5	8.00	0.89
		John Hancock U S Government Securities Fund[15]	7.2	-3.0	—	25.3	127.9	8.00	1.38
		High Income Shares	—*	-12.0	16.3	29.5	63.9	7.25	1.26
		High Yield Securities	—*	-9.5	15.0	82.9	-14.3	6.50	1.17
		IDS Bond Fund	—*	-5.6	15.3	642.7	20.5	3.50	0.58
		INA High Yield Fund	—*	-9.1	16.5	41.1	-9.9	6.75	1.00
		Income Price & Index Fund	—*	-13.3	13.0	16.6	-12.6	7.50	1.69

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Oct. 3, 1974, or funds that were not rated because of a change in investment policy. [15] Formerly John Hancock Balanced Fund. Dividend yield omitted because of change in investment policy. NA: Not available.

1982 Fund Ratings

	Investment results: Average annual total return 1970-82	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/82 (millions)	Total assets: % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
FORBES stock fund composite	9.6%	–15.5%	4.6%				
FORBES balanced fund composite	8.1%	–9.1%	9.7%				
FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
Bond and preferred stock funds (load) — Group averages	6.4%	–6.1%	14.2%				
Not rated							
InterCapital High Yield Securities	—*	–6.5%	15.2%	$188.1	12.3%	5.50%	$0.73
Investment Quality Interest	—*	–2.7	14.2	30.0	39.5	4.50	1.09
Investors Selective Fund	6.3%	–4.1	14.3	542.5	4.8	7.00	0.58
JP Income Fund	—*	–4.1	13.1	27.1	1.9	8.00	0.69
Kemper High Yield Fund	—*	–5.1	15.4	118.8	5.0	6.75	0.75
Kemper Income & Capital Preservation Fund	—*	–5.1	14.6	77.2	–5.5	6.00	0.56
Kemper U S Government Securities Fund[16]	—*	–3.5	14.3	15.7	65.3	4.00	0.79
Keystone Custodian Funds							
B-1	6.2	–2.8	12.8	46.7	0.7	4.25	0.52
B-2	7.7	–5.2	12.8	65.2	–11.2	8.50	0.67
B-4	8.5	–5.3	13.5	350.9	–8.4	8.50	0.64
Lord Abbett Bond Debenture Fund	—*	–9.7	12.4	156.3	–10.4	8.50	0.67
Massachusetts Financial Bond Fund	—*	–4.2	13.9	175.8	2.0	7.25	0.94
Massachusetts Financial High Income Trust	—*	–8.0	16.1	146.4	21.2	7.25	0.93
Massachusetts Financial Intl Trust-Bond Portfolio	—*	–4.1	13.3	32.4	71.4	7.25	1.39
Merrill Lynch Corp Bond Fund High Income	—*	–11.0	15.5	198.6	–14.7	4.00	0.96
Merrill Lynch Corp Bond Fund High Quality	—*	–3.8	15.2	60.1	380.8	4.00	NA
Merrill Lynch Corp Bond Fund Intermediate Term	—*	–1.4	14.0	8.3	29.7	2.00	NA
Monthly Income Shares	—*	–4.9	13.5	32.2	–5.9	8.50	1.01
National Securities							
Bond Fund	5.1	–9.9	15.3	113.2	1.0	7.25	0.70
Preferred Fund	7.6	–6.7	11.9	2.8	–6.7	7.25	0.85
NEL Income Fund	—*	–2.5	13.5	26.7	–2.9	8.00	0.82
Oppenheimer High Yield Fund	—*	–10.2	16.3	141.5	20.4	6.75	1.00
Phoenix-Chase High Yield Fund	—*	–7.4	16.4	15.4	52.5	7.00	1.50
Pioneer Bond Fund	—*	–1.9	12.9	9.8	30.7	8.50	0.80
Putnam High Yield Trust	—*	–7.8	15.4	296.3	7.8	6.75	0.69
St Paul Income Fund	—*	–0.6	12.2	8.7	–1.1	6.00	1.18
Security Bond Fund	—*	–4.1	14.1	27.0	3.9	2.75	0.79
Sentinel Bond Fund	5.0	–0.4	13.4	9.7	11.5	8.50	0.92
Shearson High Yield Fund[17]	—*	–6.0	15.5	63.4	–7.9	5.00	0.95
Sigma Income Shares	—*	–4.8	13.1	15.3	0.7	8.50	0.78
United Bond Fund	5.7	–5.0	15.2	226.5	3.7	8.50	0.53
United High Income Fund	—*	–8.1	16.2	261.5	62.6	8.50	0.90
Vance, Sanders Income Fund	—*	–7.8	13.1	10.3	–2.8	8.50	1.09
Venture Income (+) Plus	—*	–6.5	14.4	10.3	10.8	8.50	1.49
Bond and preferred stock funds (no load) — Group averages	6.1%	–3.6%	13.1%				
Not rated							
Aetna Income Shares	—*	–0.1%	11.3%	$44.6	15.8%	†	$0.25
Alliance Bond Fund	—*	–4.3	12.6	12.6	–11.9	none	1.00
Alpha Income Fund	—*	–4.6	12.4	4.2	–2.3	none	1.50
American Investors Income Fund	—*	–25.2	15.4	12.6	–21.3	none	1.47

*Fund not in operation for full period. †Fund not currently selling new shares. [16]Formerly Kemper Fund for Govt Guaranteed Securities. [17]Formerly Triangle Income Fund. NA: Not available.



	Investment results Average	Latest 12 months		Total assets			
	annual total return 1970-82	return from capital growth	return from income dividends	6/30/82 (millions)	% change '82 vs. '81	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
FORBES stock fund composite	9.6%	–15.5%	4.6%				
FORBES balanced fund composite	8.1%	–9.1%	9.7%				
FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
Bond and preferred stock funds (no load) Group averages	6.1%	–3.6%	13.1%				
Archer U S Government Guaranteed Securities Fund	—*	1.3%	13.4%	$ 11.1	282.8%	none	$1.50
Babson (D L) Income Trust	6.5%	–1.5	12.4	27.1	0.0	none	0.75
Boston Company Government Income Fund	—*	-0.7	10.8	2.9	11.5	none	1.68
California Fund for Inv In U S Govt Secs	—*	–4.1	11.1	4.8	–12.7	none	1.75
Capital Preservation Treasury Note Trust	—*	2.1	9.7	7.8	23.8	none	1.00
Dreyfus A Bonds Plus	—*	–2.2	13.4	29.3	76.5	none	1.00
Fidelity Corporate Bond Fund	—*	–3.2	14.2	103.6	10.8	none	0.81
Fidelity Government Securities Fund Ltd	—*	–1.0	13.3	66.5	7.1	none	1.05
Fidelity High Income Fund	—*	–9.4	16.6	115.0	4.0	none	0.89
Fidelity Thrift Trust	—*	–0.4	13.9	61.7	18.9	none	0.78
Financial Bond Shares	—*	–2.8	13.8	4.4	29.4	none	0.00
Fund for U S Govt Securities	4.9	0.2	10.8	50.4	–4.7	none	1.39
Lexington GNMA Income Fund	—*	–1.3	13.4	5.5	14.6	none	1.56
Liberty Fund	3.9	–11.3	13.4	7.3	–13.1	none	1.50

*Fund not in operation for full period.

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1982 Fund Ratings

	Investment results			Total assets		Maximum sales charge	Annual expenses per $100
	Average annual total return 1970-82	Latest 12 months return from capital growth	Latest 12 months return from income dividends	6/30/82 (millions)	% change '82 vs. '81		
Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
FORBES stock fund composite	9.6%	–15.5%	4.6%				
FORBES balanced fund composite	8.1%	–9.1%	9.7%				
FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
Bond and preferred stock funds (no load)	Group averages						
	6.1%	–3.6%	13.1%				
Not rated							
Midwest Income Trust Intermediate Term Govt Fund	—*	–0.1%	13.4%	$ 6.5	97.0%	none	$0.99
Mutual of Omaha America Fund	—*	3.3	12.5	8.9	0.0	none	1.40
North Star Bond Fund	—*	–3.2	12.0	8.7	26.1	none	1.00
Northeast Investors Trust	6.8%	–5.9	14.4	125.9	–0.9	none	0.66
T Rowe Price New Income Fund	—*	–1.8	13.8	404.0	14.7	none	0.62
PRO Income Fund	—*	–5.8	13.5	19.6	–4.9	none	1.16
Qualified Dividend Portfolio II	—*	–4.0	14.9	26.7	60.8	none	0.80
Steadman Associated Fund	6.8	–12.4	9.7	28.6	–17.6	none	2.03
SteinRoe Bond Fund	—*	–2.5	13.8	28.3	83.8	none	0.80
Transamerica New Income[18]	7.4	–5.6	12.0	3.6	–10.0	none	1.52
The Value Line Bond Fund	—*	—	—*	26.1	—	none	NA
Vanguard Fixed Income Secs-GNMA	—*	0.6	14.0	30.7	21.3	none	0.89
Vanguard Fixed Income Secs-High Yield	—*	–5.8	16.1	15.5	9.9	none	0.93
Vanguard Fixed Income Secs-Invest Grade	—*	–1.4	13.4	39.0	7.7	none	0.93
Bond and preferred stock funds (closed end)	Group averages					% prem (+) or disc (–)	
	—	–4.5%	14.1%				
Not rated							
American General Bond Fund	—*	–5.5%	13.9%	$152.5	–4.9%	–1.0%	$0.85
Bunker Hill Income Securities	—*	–5.3	13.9	38.4	–5.2	+3.1	0.93
Circle Income Shares	—*	–2.9	14.0	23.7	–1.3	–1.9	0.75
CNA Income Shares	—*	–5.1	15.0	43.3	–4.6	–0.2	0.96
Current Income Shares	—*	–6.1	14.2	29.3	–6.1	–2.9	1.10
Drexel Bond-Debenture Trading Fund	—*	–1.2	13.5	36.0	0.6	–1.7	1.61
Excelsior Income Shares	—*	–6.0	13.9	31.0	–6.1	–0.1	0.96
Federated Income & Private Placement Fund	—*	–8.8	15.2	33.8	–8.2	–3.3	1.54
Fort Dearborn Income Securities	—*	–2.9	13.9	67.7	–2.5	–5.3	0.83
John Hancock Income Securities	—*	–4.2	14.2	106.5	–4.1	–4.5	0.83
John Hancock Investors	—*	–1.8	14.1	102.7	0.1	–9.5	0.87
Hatteras Income Securities	—*	–5.5	13.4	36.6	–5.4	+2.1	1.05
INA Investment Securities	—*	–2.5	13.4	61.0	–2.1	–0.6	1.20
Independence Square Income Securities	—*	–5.4	15.0	23.1	–4.6	–4.8	1.14
InterCapital Income Securities	—*	–5.6	14.5	134.4	–2.4	+4.7	0.76
Lincoln National Direct Placement Fund	—*	–9.3	13.8	46.0	–9.5	–14.9	0.96
MassMutual Corporate Investors	—*	–7.7	14.3	87.4	–7.8	–18.8	1.09
MassMutual Income Investors	—*	–3.8	13.9	98.1	–3.4	+0.1	1.12
Montgomery Street Income Securities	—*	–5.2	13.9	114.9	–5.2	–0.7	0.80
Mutual of Omaha Interest Shares	—*	–1.8	13.4	69.6	0.1	–2.8	0.84
Pacific American Income Shares	—*	–1.0	13.7	65.7	–1.1	–11.8	0.83
Paul Revere Investors	—*	–1.8	14.3	35.9	–1.6	–17.0	1.23
St Paul Securities	—*	–1.1	13.5	86.2	–0.7	–1.9	0.97
State Mutual Securities	—*	–4.8	14.6	72.0	–4.9	–3.7	1.15
Transamerica Income Shares	—*	–6.4	13.9	79.8	–6.5	+0.6	0.70
USLIFE Income Fund	—*	–2.7	15.0	40.1	–2.7	–5.2	1.44
Vestaur Securities	—*	–6.4	15.1	57.1	–5.6	–4.0	1.10

*Fund not in operation for full period. [18] Formerly Transamerica Investors Fund. NA: Not available.

		Investment results Average annual total return 1970-82	Latest 12 months return from capital growth	Latest 12 months return from income dividends	Total assets 6/30/82 (millions)	Total assets % change '82 vs. '81	Maximum sales charge	Annual expenses per $100
	Standard & Poor's 500 stock average	8.4%	–16.5%	6.2%				
	FORBES stock fund composite	9.6%	–15.5%	4.6%				
	FORBES balanced fund composite	8.1%	–9.1%	9.7%				
	FORBES bond and preferred stock fund composite	6.3%	–5.1%	13.9%				
	Exchange funds	Group averages 8.4%	–18.3%	4.4%				
	Not rated							
	American General Exchange Fund	—*	–19.5%	3.6%	$ 40.8	–28.6%	none	$0.79
	Capital Exchange Fund	8.8%	–18.5	4.2	47.6	–24.8	none	0.63
	Chestnut Street Exchange Fund	—*	–16.6	4.5	88.7	–20.7	none	0.69
	Depositors Fund of Boston	7.5	–20.4	4.3	41.1	–26.2	none	0.67
	Diversification Fund	7.8	–15.0	4.5	46.6	–21.6	none	0.65
	Exchange Fund of Boston	8.7	–16.5	4.0	39.8	–20.9	none	0.65
	Federal Street Fund	8.6	–19.4	4.3	184.2	–26.1	none	0.56
	Federated Exchange Fund	—*	–20.8	4.9	76.9	–25.8	none	0.97
	Fidelity Congress Street Fund	7.8	–19.6	5.9	37.0	–23.7	none	0.74
	Fidelity Exchange Fund	—*	–14.5	4.8	91.8	–21.9	none	0.63
	Fiduciary Exchange Fund	9.5	–17.2	4.0	33.8	–29.1	none	0.67
	Second Fiduciary Exchange Fund	8.5	–21.9	5.0	47.8	–26.4	none	0.65
	State Street Exchange Fund	—*	–18.0	4.1	90.8	–23.3	none	0.57
	Vance, Sanders Exchange Fund	—*	–17.8	3.4	100.7	–27.9	none	0.78
Kind of shares	**Dual purpose funds**	Group averages 11.3%	–25.8%	14.2%			% prem (+) or disc (–)	
Capital	Gemini Fund	13.8%	–12.4%	none	$ 78.1	–12.7%	–5.4%	$0.91
Income	Gemini Fund	—	—	22.0%			+28.5	
Capital	Hemisphere Fund	12.0	–45.7	none	19.8	–7.0	+142.4	0.99
Income	Hemisphere Fund	—	—	10.0			–27.8	
Capital	Putnam Duofund	14.1	–20.4	none	34.7	–14.7	–10.0	0.84
Income	Putnam Duofund	—	—	11.3			–3.9	
Capital	Scudder Duo-Vest Exchange Fund	5.4	–24.6	none	18.3	–21.8	–17.1	0.87
Income	Scudder Duo-Vest Exchange Fund	—	—	13.6			–5.5	
Portfolio avg maturity (days)	**Money market funds†**	Date started					Minimum initial investment	
	These funds invest primarily in US government and federal agency obligations							
4	Active Assets Government Securities Trust	7/81	—	—*	$ 100.1	—	none	$0.96
15	Alliance Government Reserves	7/79	—	13.1%	212.7	193.0%	none	0.92
82	Alpha Cash Management Fund-Govt Secs Portfolio	10/81	—	—*	4.9	—	$1,000	1.00
32	ASTA Government Securities Money Market Fund	1/82	—	—*	27.9	—	2,500	NA
1	Boston Company Government Money Fund	5/82	—	—*	6.6	—	2,500	NA
27	Alex Brown Cash Reserve Fund-Government Series	4/82	—	—*	47.0	—	1,500	0.21
28	Capital Preservation Fund	10/72	—	13.1	1,965.0	78.5	1,000	0.81
3	Capital Preservation Fund II	6/80	—	13.6	1,117.9	229.7	5,000	0.81
14	Cardinal Government Securities Trust	9/80	—	14.0	355.9	112.1	1,000	0.80
18	Carnegie Government Securities Trust	4/80	—	13.3	204.1	390.6	1,000	0.93
14	Cash Equivalent Fund-Government Sec Portfolio	12/81	—	—*	466.2	—	1,000	0.72
9	Centennial Government Trust	11/81	—	—*	6.8	—	none	0.75
27	Chancellor Government Securities Trust	1/82	—	—*	254.7	—	1,000	0.81
37	CMA Government Securities Fund	8/81	—	—*	979.7	—	none	0.40
16	Daily Cash Government Fund	3/82	—	—*	77.4	—	2,500	0.75
10	DBL Cash Fund-Government Securities Portfolio	3/82	—	—*	109.0	—	1,000	NA
38	Delaware Treasury Reserves	4/82	—	—*	18.3	—	1,000	NA

*Fund not in operation for full period. †All funds are no load; however, special fees may apply in some cases. NA: Not available.

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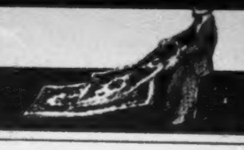
Portfolio average maturity (days)		Date started	Investment results Latest 12 months return from capital growth	 return from income dividends	Total assets 6/30/82 (millions)	 % change '82 vs. '81	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			6.2%				
	FORBES stock fund composite			4.6%				
	FORBES balanced fund composite			9.7%				
	FORBES bond and preferred stock fund composite			13.9%				
	Money market funds†							
	These funds invest primarily in US government and federal agency obligations							
29	Dreyfus Money Market Instru Govt Sec Series	5/79	—	13.7%	$662.3	301.6%	$ 2,500	$0.50
28	Fidelity Money Market Trust U S Govt Portfolio	5/79	—	13.8	691.8	30.5	250,000	0.42
1	Fidelity Money Market Trust U S Treasury Portfolio	4/81	—	14.0	171.3	437.0	250,000	0.42
24	Fidelity U S Government Reserves	11/81	—	—*	304.1	—	1,000	0.98
1	Financial Planners Federal Securities Fund[19]	2/80	—	13.4	15.7	292.5	500	1.20
20	First Variable Rate Fund for Govt Income	12/76	—	14.3	1,405.2	73.7	2,000	0.89
14	Florida Mutual U S Govt Secs Fund-Short Term	10/80	—	13.2	9.5	179.4	1,000	1.00
13	Founders Money Market Fund	7/81	—	—*	12.1	—	1,000	0.80
1	Franklin Federal Money Fund	5/80	—	13.1	155.5	255.0	500	1.10
20	Fund for Government Investors	3/75	—	14.0	1,311.7	82.9	2,500	0.68
3	Fund for Ready Income	9/80	—	14.2	2.3	130.0	500	0.21
15	Government Investors Trust	7/79	—	14.2	698.9	144.0	2,000	1.05
26	Gradison U S Government Trust	4/82	—	—*	21.9	—	1,000	0.76
22	Hilliard-Lyons Cash Management	1/81	—	13.5	208.0	243.2	3,000	0.72
6	Wayne Hummer Money Fund Trust-Govt Portfolio	4/82	—	—*	12.1	—	3,000	1.00
28	Hutton Government Fund	6/82	—	—*	139.6	—	10,000	NA
14	IDS Government Securities Money Fund	3/82	—	—*	32.0	—	2,000	0.74
13	Kemper Government Money Market Fund	11/81	—	—*	103.7	—	1,000	0.89
1	Lehman Government Fund	10/81	—	—*	161.2	—	2,500	0.78
8	Massachusetts Cash Management Trust-Govt Series	2/82	—	—*	18.3	—	1,000	1.18
34	Merrill Lynch Government Fund	9/77	—	13.8	1,600.7	487.4	5,000	0.49
10	Midwest Income Trust-Short Term Govt Fund	12/74	—	13.6	271.6	53.8	1,000	0.94
4	The Money Fund of U S Treasury Securities	3/82	—	—*	5.4	—	2,000	1.20
1	NEL Cash Management Trust-U S Government Series	6/82	—	—*	2.6	—	1,000	0.75
1	Principal Protection Government Investment Fund	11/80	—	12.8	5.3	120.8	1,000	1.57
6	The Reserve Fund-Government Portfolio	10/81	—	—*	361.7	—	1,000	0.86
28	Scudder Government Money Fund	11/81	—	—*	118.5	—	1,000	0.80
14	Sears U S Government Money Market Trust	2/82	—	—*	322.5	—	1,000	0.94
26	Selected Money Market Fund-Government Portfolio	5/82	—	—*	2.4	—	1,000	NA
27	Shearson Government and Agencies	10/80	—	13.5	838.9	415.3	5,000	0.64
6	Sigma Government Securities Fund	9/80	—	12.8	4.0	73.9	500	0.80
47	Strategic Treasury Positions	11/81	—	—*	8.5	—	1,000	NA
18	Tucker Anthony Government Securities Fund	2/82	—	—*	87.8	—	2,500	1.00
12	U S Treasury Securities Fund	2/82	—	—*	5.2	—	1,500	NA
28	Vanguard Money Market Trust-Federal Portfolio	7/81	—	—*	494.3	—	3,000	0.35
	These funds invest primarily in obligations exempt from federal income tax							
34	Active Assets Tax-Free Trust	7/81	—	—*	29.7	—	none	1.45
53	Aetna Tax-Exempt Money Trust	2/82	—	—*	4.0	—	5,000	NA
29	D L Babson Tax-Free Income Fund-Money Market	2/81	—	6.5	2.6	420.0	1,000	0.47
93	Calvert Tax-Free Reserves-Money Market Portfolio	4/81	—	7.8	56.8	361.8	2,000	0.73
85	Centennial Tax Exempt Trust	9/81	—	—*	12.1	—	none	0.75
68	Chancellor Tax-Free Money Fund	8/79	—	7.6	76.5	33.7	2,500	0.91
37	CMA Tax-Exempt Fund	1/81	—	7.0	842.0	387.0	none	0.62
74	Daily Cash Tax Exempt Fund[20]	1/81	—	7.4	27.5	1,045.8	5,000	0.75
57	Delaware Tax-Free Money Fund	9/81	—	—*	15.2	—	5,000	0.80
68	Dreyfus Tax Exempt Money Market Fund	8/80	—	7.5	683.1	366.6	5,000	0.52
61	Federated Tax-Free Trust	3/79	—	7.3	2,551.3	86.6	25,000	0.45
64	Fidelity Tax-Exempt Money Market Trust	1/80	—	7.3	1,238.5	57.7	10,000	0.39
44	Fourth St Tax Free Inc Trust-Money Mkt Portfolio	9/81	—	—*	21.1	—	2,500	0.41
63	Franklin Tax-Exempt Money Fund	2/82	—	—*	16.2	—	5,000	NA
68	IDS Tax-Free Money Fund	8/80	—	7.4	30.4	78.8	2,000	0.75
76	INA Tax-Free Reserves	3/81	—	6.9	19.4	94.0	1,000	1.00

*Fund not in operation for full period. †All funds are no load; however, special fees may apply in some cases. [19] Formerly Steadman Federal Securities Fund. [20] Formerly Centennial Tax Exempt Fund. NA: Not available.



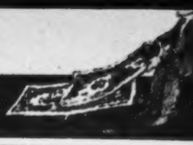
Portfolio average maturity (days)		Date started	Investment results Latest 12 months return from capital growth	 return from income dividends	Total assets 6/30/82 (millions)	 % change '82 vs. '81	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			6.2%				
	FORBES stock fund composite			4.6%				
	FORBES balanced fund composite			9.7%				
	FORBES bond and preferred stock fund composite			13.9%				
	Money market funds†							
	These funds invest primarily in obligations exempt from federal income tax							
45	InterCapital Tax-Free Daily Income Fund	2/81	—	7.5%	$ 143.5	200.8%	$ 5,000	$0.74
80	Lexington Tax Free Daily Income Fund	10/77	—	7.7	17.9	198.3	1,000	0.71
62	MFS Tax-Exempt Money Market Trust	3/80	—	6.8	4.8	220.0	1,000	1.00
70	Municipal Cash Reserve Management	5/81	—	7.3	228.2	115.3	10,000	0.93
51	Nuveen Tax-Exempt Money Market Fund	4/81	—	7.5	347.0	443.0	25,000	0.43
104	T Rowe Price Tax-Exempt Money Fund	4/81	—	7.6	156.6	292.5	2,000	0.49
83	Scudder Tax Free Money Fund	1/80	—	7.0	131.9	11.1	1,000	0.71
47	Shearson's Muni-Fund	2/80	—	7.3	1,023.1	160.9	5,000	0.44
58	The Tax Free Money Fund	4/81	—	7.2	95.0	75.0	10,000	0.56
67	Vanguard Muni Bond-Money Market	5/80	—	7.1	125.8	167.7	3,000	0.47
234	Vanguard Muni Bond-Short Term	9/77	—	7.5	161.6	−7.8	3,000	0.47
	These funds invest in various types of money market instruments							
36	Active Assets Money Trust	7/81	—	—*	754.5	—	none	0.64
40	Aetna Money Trust	2/82	—	—*	8.0	—	2,500	NA
29	Advisors Cash Reserve Fund	2/82	—	—*	19.9	—	1,000	NA
25	Alliance Capital Reserves	7/78	—	14.3	1,504.7	19.0	none	0.79
30	Alpha Cash Management Fund-Money Market Port	10/81	—	—*	12.5	—	1,000	1.00
23	American General Reserve Fund	7/74	—	14.9	413.7	93.4	1,000	0.82
28	American Liquid Trust	7/75	—	14.1	384.3	31.8	1,000	0.81
59	American National Money Market Fund	12/81	—	—*	12.4	—	2,000	0.75
26	APPA Great Century Money Market Fund	6/81	—	14.2	3.7	68.2	1,000	0.25
13	Automated Cash Management Trust	5/82	—	—*	14.9	—	100,000	NA
19	Axe-Houghton Money Market Fund	9/81	—	—*	12.6	—	1,000	NA
33	D L Babson Money Market Fund	3/80	—	14.6	86.3	87.6	1,000	0.75
25	Birr, Wilson Money Fund	3/81	—	14.4	118.2	42.8	3,000	0.80
26	Boston Company Cash Management Fund	8/79	—	14.4	283.6	88.6	2,500	0.74
34	Alex Brown Cash Reserve Fund-Prime Series	8/81	—	—*	607.0	—	1,500	0.59
25	Capital Cash Management Trust[21]	7/74	—	14.1	156.4	181.3	1,000	0.76
36	Cash Equivalent Fund	3/79	—	15.1	4,094.0	61.7	1,000	0.62
26	Cash Management Trust of America	11/76	—	14.6	731.7	48.7	5,000	0.52
29	Cash Reserve Management	1/77	—	14.8	7,200.7	34.8	10,000	0.47
24	Centennial Money Market Trust	11/81	—	—*	36.0	—	none	0.75
29	CG Money Market Fund	1/75	—	14.8	282.1	73.8	300	0.56
40	CMA Money Fund	9/77	—	14.6	13,908.3	86.4	none	0.51
26	Colonial Money Market Trust	1/81	—	14.1	13.8	89.0	3,000	0.95
24	Columbia Daily Income Company	11/74	—	14.2	942.9	42.9	1,000	0.75
30	Composite Cash Management	11/79	—	14.6	351.6	65.1	1,000	0.91
29	Connecticut Mutual Liquid Account	3/82	—	—*	34.6	—	1,000	NA
23	Country Capital Money Market Fund	10/81	—	—*	18.6	—	1,000	1.11
10	Cralin Money Market Fund-Money Market Portfolio	7/81	—	—*	8.9	—	3,000	1.39
35	Current Interest	6/74	—	14.4	1,552.3	43.2	1,000	0.69
27	D&D Money Market Fund	12/81	—	—*	21.8	—	2,500	0.92
22	Daily Cash Accumulation	7/78	—	14.7	5,432.1	31.1	2,500	0.54
33	Daily Income Fund	7/74	—	14.1	787.2	11.3	5,000	0.70
34	DBL Cash Fund-Money Market Portfolio	2/81	—	14.7	989.1	48.4	1,000	0.70
36	Delaware Cash Reserve	6/78	—	14.6	2,286.9	72.3	1,000	0.85
22	Dollar Reserves	6/80	—	14.5	112.8	139.5	1,000	1.10

*Fund not in operation for full period. †All funds are no load; however, special fees may apply in some cases. [21]Formerly Centennial Capital Cash Management Trust. NA: Not available.

1982 Fund Ratings

			Investment results					
			Latest 12 months		Total assets			
Portfolio average maturity (days)		Date started	return from capital growth	return from income dividends	6/30/82 (millions)	% change '82 vs. '81	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			6.2%				
	FORBES stock fund composite			4.6%				
	FORBES balanced fund composite			9.7%				
	FORBES bond and preferred stock fund composite			13.9%				
	Money market funds†							
	These funds invest in various types of money market instruments							
43	Dreyfus Liquid Assets	1/74	—	14.8%	$ 9,982.3	65.4%	$ 2,500	$0.64
25	Dreyfus Money Mkt Instru Money Mkt Series	4/75	—	14.8	2,437.8	29.9	50,000	0.50
26	Eaton & Howard Cash Management Fund	1/75	—	14.4	277.5	41.6	1,000	0.67
29	EGT Money Market Trust	4/81	—	14.4	153.3	161.2	5,000	0.95
33	Equitable Money Market Account	10/80	—	14.4	380.5	116.1	1,000	0.85
34	Fahnestock Daily Income Fund	6/81	—	14.3	157.7	436.4	1,000	0.84
18	FBL Money Market Fund	3/81	—	14.0	55.9	219.4	1,500	1.20
35	Fidelity Cash Reserves	5/79	—	14.7	3,866.1	83.8	1,000	0.99
35	Fidelity Daily Income Trust	5/74	—	14.7	3,710.1	12.6	10,000	0.58
31	Fidelity Money Market Trust Domestic Portfolio	5/79	—	14.7	1,228.3	154.7	250,000	0.42
23	Financial Daily Income Shares	3/76	—	14.6	308.9	37.1	1,000	0.55
32	First American Money Fund	4/82	—	—*	22.5	—	1,000	0.80
22	First Investors Cash Management Fund	10/78	—	14.4	632.9	45.8	1,000	0.83
28	Franklin Money Fund	1/76	—	14.3	1,219.3	72.4	500	0.76
35	General Money Market Fund	2/82	—	—*	83.3	—	2,500	1.00
28	Gradison Cash Reserves Trust	5/76	—	14.3	719.5	39.1	1,000	0.81
29	Great Lakes Money Fund	1/82	—	—*	6.7	—	1,000	1.34
28	John Hancock Cash Management Trust	10/79	—	14.4	731.6	105.8	1,000	0.78
26	Wayne Hummer Money Fund—Money Mkt Port	4/82	—	—*	52.3	—	3,000	1.00
34	Hutton AMA Cash Fund	3/82	—	—*	9.0	—	10,000	NA
32	IDS Cash Management Fund	10/75	—	14.6	1,282.3	60.3	2,000	0.60
30	INA Cash Fund	11/79	—	14.7	748.5	64.9	1,000	0.81
40	InterCapital Liquid Asset Fund	9/75	—	14.7	9,397.3	32.1	5,000	0.41
32	E D Jones & Co Daily Passport Cash Trust	5/80	—	14.4	835.7	92.9	5,000	0.98
35	Kemper Money Market Fund	11/74	—	15.1	3,555.6	84.5	1,000	0.53
32	Legg Mason Cash Reserve Trust	10/78	—	14.5	337.7	49.6	5,000	0.82
18	Lehman Cash Management Fund	1/81	—	14.7	508.1	235.4	2,500	0.71
25	Lexington Money Market Trust	7/78	—	14.9	324.5	90.0	1,000	0.99
20	Liquid Capital Income Trust	11/74	—	14.4	2,117.4	27.4	1,000	0.59
25	Liquid Green Trust	11/80	—	14.3	134.8	228.8	1,000	0.96
18	Lord Abbett Cash Reserve Fund	7/79	—	14.3	384.9	31.1	1,000	0.81
20	Managed Cash Account Trust	1/82	—	—*	14.0	—	1,000	1.00
25	Massachusetts Cash Management Trust-Prime Series	12/75	—	14.8	985.6	57.5	1,000	0.67
28	McDonald Money Market Fund	5/81	—	14.2	207.8	83.4	5,000	0.75
20	Merrill Lynch Institutional Fund	12/74	—	14.6	1,195.9	30.0	25,000	0.49
40	Merrill Lynch Ready Assets Trust	2/75	—	14.4	22,135.3	27.2	5,000	0.45
17	Midwest Income Trust-Cash Management Fund	1/82	—	—*	35.4	—	1,000	0.88
29	MIF Nationwide Money Market Fund	3/80	—	14.4	452.5	109.7	2500	0.74
30	Money Market Instruments Trust	3/82	—	—*	134.9	—	1,000	NA
33	Money Market Management	1/74	—	14.4	524.0	30.5	1,000	0.89
19	Money Shares	1/78	—	13.4	17.6	–3.8	1,000	0.87
28	MoneyMart Assets	6/76	—	14.8	3,961.0	33.1	1,000	0.45
28	Morgan Keegan Daily Cash Trust	12/80	—	14.3	103.6	91.5	5,000	1.00
16	Mutual of Omaha Cash Reserve Fund	3/81	—	13.7	23.8	19.6	none	0.95
21	Mutual of Omaha Money Market Account	7/79	—	14.3	492.3	64.5	2,500	0.76
34	National Cash Reserves	4/82	—	—*	26.1	—	1,000	NA
33	National Liquid Reserves	8/74	—	14.7	1,943.5	14.3	1,000	0.60

*Fund not in operation for full period. †All funds are no load; however, special fees may apply in some cases. NA: Not available.



Portfolio average maturity (days)		Date started	Investment results Latest 12 months return from capital growth	return from income dividends	Total assets 6/30/82 (millions)	% change '82 vs. '81	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average		-16.5%	6.2%				
	FORBES stock fund composite		-15.5%	4.6%				
	FORBES balanced fund composite		-9.1%	9.7%				
	FORBES bond and preferred stock fund composite		-5.1%	13.9%				
	Money market funds†							
	These funds invest in various types of money market instruments							
25	NEL Cash Management Trust-Money Market Series	7/78	—	14.8%	$ 785.9	77.2%	$1,000	$0.53
31	Newton Income Fund-Money Fund Portfolio	10/81	—	—*	8.8	—	2,000	1.00
22	Offerman Money Market Fund	6/81	—	14.3	13.6	580.0	2,000	0.94
30	Oppenheimer Money Market Fund	4/74	—	14.7	1,640.9	28.4	1,000	0.60
33	Paine Webber CASHFUND	5/78	—	14.6	6,410.9	53.6	5,000	0.51
24	Pennsylvania Money Fund	10/81	—	—*	8.4	—	500	1.00
25	Phoenix-Chase Money Market Fund	7/80	—	14.7	60.4	223.0	1,000	0.75
27	Plimoney Fund	3/80	—	14.6	66.6	86.0	1,000	0.93
33	T Rowe Price Prime Reserve Fund	3/76	—	14.7	3,466.7	42.5	2,000	0.59
40	Putnam Daily Dividend Trust	9/76	—	14.6	369.7	24.4	1,000	0.75
29	Quaker Cash Reserves	10/81	—	—*	3.7	—	1,000	0.99
25	The Reserve Fund-Primary Portfolio	11/71	—	14.4	2,927.9	3.1	1,000	0.82
15	L F Rothschild Earnings and Liquidity	4/82	—	—*	251.6	—	2,500	0.70
20	SAFECO Money Market Mutual Fund	4/82	—	—*	7.1	—	1,000	0.50
25	St Paul Money Fund	11/79	—	14.3	189.4	35.4	3,000	0.80
16	Santa Fe Cash Reserves	2/82	—	—*	12.0	—	1,000	NA
33	Scudder Cash Investment Trust	7/76	—	14.7	1,295.6	34.0	1,000	0.66
15	The Securities Groups Money Fund	6/81	—	14.5	26.9	3,742.9	10,000	1.00
13	Security Cash Fund	10/80	—	14.0	98.8	71.8	1,000	1.00
29	Selected Money Market Fund-General Portfolio	10/77	—	14.3	69.9	23.7	1,000	1.00
20	Seligman Cash Management Fund[22]	1/77	—	14.7	864.0	36.0	1,000	0.85
32	Sentinel Cash Management Fund	10/81	—	—*	25.9	—	1,000	0.73
29	Sentry Cash Management Fund	6/81	—	14.2	51.5	255.2	2,000	0.98
24	Shearson Daily Dividend	6/79	—	14.7	5,826.1	45.7	5,000	0.63
32	Short Term Income Fund	1/80	—	14.2	278.0	16.2	1,000	0.70
22	Short-Term Yield Securities	5/78	—	14.0	46.0	-53.1	1,250	0.89
13	Sigma Money Fund	9/80	—	14.1	14.8	60.9	500	0.80
25	Standby Reserve Fund	11/81	—	—*	209.1	—	2,000	0.64
15	State Bond Cash Management Fund	2/82	—	—*	4.4	—	1,000	1.00
32	SteinRoe Cash Reserves	10/76	—	14.6	914.4	49.2	2,500	0.68
31	SUTRO Money Market Fund	2/82	—	—*	147.9	—	5,000	NA
16	The Texas Money Fund	5/81	—	14.7	21.2	715.4	2,000	0.82
25	Transamerica Cash Reserve	8/80	—	14.8	353.5	90.1	1,000	0.52
31	Trust for Cash Reserves	2/80	—	14.4	221.2	47.9	1,000	0.94
30	Tucker Anthony Cash Management Fund	4/81	—	14.0	359.8	114.0	2,500	0.78
32	United Cash Management	8/79	—	14.7	544.8	60.8	1,000	1.03
25	USAA Mutual Fund-Money Market Fund	2/81	—	14.4	157.7	183.1	2,500	0.96
24	The Value Line Cash Fund	4/79	—	15.1	634.7	150.6	1,000	0.69
36	Vanguard Money Market Trust-Prime Portfolio	6/75	—	14.6	1,205.0	61.9	3,000	0.35
29	Webster Cash Reserve	8/79	—	14.6	1,382.6	44.8	5,000	0.63
29	Ziegler Money Market Trust	4/81	—	14.4	139.7	417.4	3,000	0.96
	Municipal bond funds						Maximum sales charge	
	Alpha Tax-Exempt Bond Fund	1/77	-12.0%	10.8%	$ 2.9	-6.5%	none	$1.10
	American General Municipal Bond Fund	11/76	-8.6	10.8	23.3	9.4	4.75%	0.80

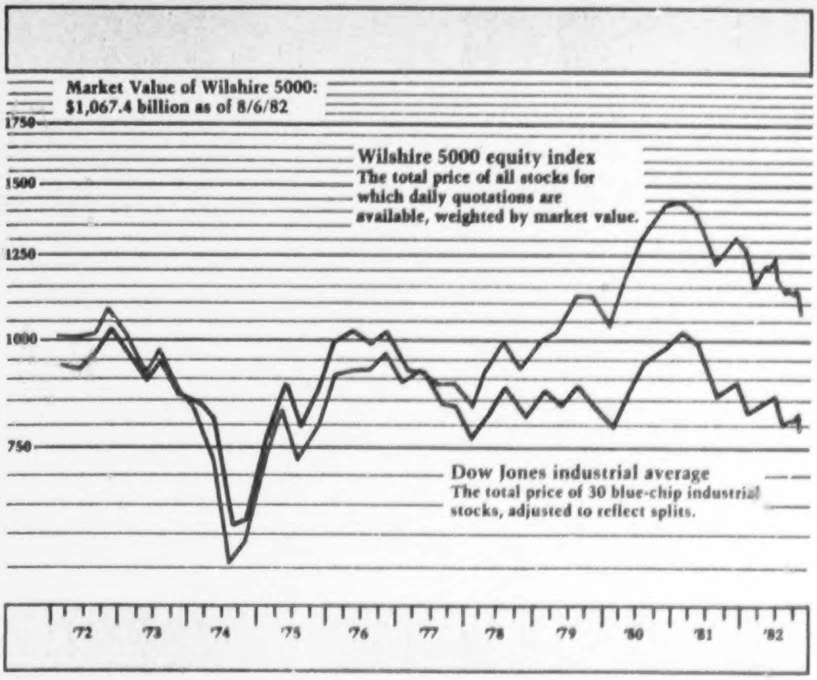
*Fund not in operation for full period. [22] Formerly Union Cash Management Fund. NA: Not available. †All funds are no load; however, special fees may apply in some cases.

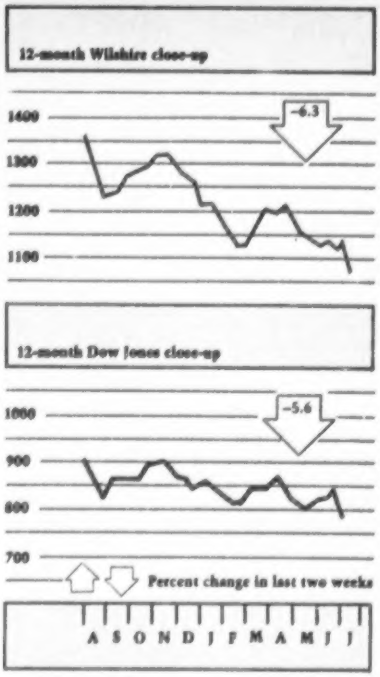
1982 Fund Ratings

		Investment results Latest 12 months		Total assets			
	Date started	return from capital growth	return from income dividends	6/30/82 (millions)	% change '82 vs. '81	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average		-16.5%	6.2%				
FORBES stock fund composite		-15.5%	4.6%				
FORBES balanced fund composite		-9.1%	9.7%				
FORBES bond and preferred stock fund composite		-5.1%	13.9%				
Municipal bond funds							
D L Babson Tax-Free Income Fund-Long Term	2/80	-11.5%	10.8%	$ 3.5	66.7%	none	$0.75
D L Babson Tax-Free Income Fund-Short Term	2/80	-0.2	6.6	2.3	27.8	none	0.75
Bullock Tax-Free Shares	2/77	-10.0	10.7	23.3	14.8	4.75%	1.09
Calvert Tax-Free Reserves-Limited Term Portfolio	4/81	-0.3	9.0	9.4	683.3	none	0.47
CG Municipal Bond Fund	3/77	-9.0	11.1	69.5	46.6	7.50	0.77
Chancellor High Yield Municipals	6/80	-10.7	11.6	57.3	54.9	4.50	0.72
Composite Tax-Exempt Bond Fund	1/77	-8.0	10.0	1.9	-9.5	none	1.22
DMC Tax-Free Income Trust–Pennsylvania	3/77	-8.4	10.2	23.7	0.9	4.50	1.01
Dreyfus Tax Exempt Bond Fund	10/76	-8.8	10.7	852.2	5.9	none	0.76
Federated Tax-Free Income Fund	10/76	-8.7	9.9	36.1	-11.3	none	1.47
Fidelity High Yield Municipals	12/77	-8.2	11.7	206.0	11.9	none	0.67
Fidelity Limited Term Municipals	4/77	-5.7	9.2	54.8	-4.4	none	0.83
Fidelity Municipal Bond Fund	8/76	-9.9	11.2	400.9	-3.8	none	0.60
Financial Tax-Free Income Shares	8/81	—	—*	21.3	—	none	0.45
First Investors Tax Exempt Fund	8/77	-9.8	10.1	61.3	88.6	7.25	1.50
Fourth St Tax Free Inc Trust-Ltd Term Portfolio	9/81	—	—*	4.1	—	none	0.43
Franklin Tax-Free Income Fund	2/77	-8.3	11.5	71.4	920.0	4.00	0.63
John Hancock Tax-Exempt Income Trust	1/77	-7.8	10.1	34.8	82.2	8.00	1.00
IDS High Yield Tax-Exempt Fund	5/79	-9.7	11.6	381.2	77.1	4.00	0.63
IDS Tax-Exempt Bond Fund	12/76	-9.3	11.0	187.8	26.7	4.00	0.63
InterCapital Tax Exempt Securities	3/80	-9.3	11.1	45.5	-0.9	4.00	0.90
Kemper Municipal Bond Fund	4/76	-11.7	11.5	166.1	-4.9	4.75	0.61
Keystone Tax Free Fund	1/78	-7.8	11.0	21.7	42.8	4.00	0.97
Merrill Lynch Muni Bd Fd High Yield Portfolio	11/79	-8.8	12.0	87.8	23.5	4.00	0.75
Merrill Lynch Muni Bd Fd Insured Portfolio	11/77	-10.7	11.1	105.6	28.8	4.00	0.91
Merrill Lynch Muni Bd Fd Ltd Maturity Port	11/79	-0.6	8.3	194.0	-13.5	1.00	0.53
MFS Managed Municipal Bond Trust	10/76	-5.4	10.7	104.4	15.5	4.75	0.93
Mutual of Omaha Tax-Free Income Fund	1/77	-9.6	11.2	37.0	27.6	8.00	0.89
Natl Securities Tax Exempt Bonds	11/76	-9.9	10.4	16.7	16.8	6.00	0.80
NEL Tax Exempt Bond Fund	5/77	-5.8	12.1	19.9	74.6	4.50	0.79
New York Muni Fund	4/81	-4.0	9.8	6.9	527.3	none	1.41
Nuveen Municipal Bond Fund	11/76	-10.0	10.3	154.8	16.5	none	0.75
Oppenheimer Tax-Free Bond Fund	10/76	-9.6	10.1	28.6	-7.4	4.50	1.02
T Rowe Price Tax-Free Income Fund	11/76	-5.9	10.4	331.1	9.0	none	0.71
Putnam Tax Exempt Income Fund	11/76	-7.1	11.2	37.3	13.0	4.75	0.76
SAFECO Municipal Bond Fund	11/81	—	—*	6.0	—	none	0.86
Scudder Managed Municipal Bonds	10/76	-9.5	10.8	153.8	23.9	none	0.69
Selected Tax-Exempt Bond Fund	10/77	-10.0	10.6	2.2	4.8	none	0.49
Shearson Managed Municipals	3/81	-7.0	11.1	50.8	52.1	5.00	1.09
Sigma Tax-Free Bond Fund	8/79	-12.6	9.5	2.1	133.3	4.75	1.50
SteinRoe Tax-Exempt Bond Fund	2/77	-7.9	11.0	67.9	49.2	none	0.80
Tax-Exempt Bond Fund of America	10/79	-8.5	10.1	22.8	59.4	4.75	1.00
United Municipal Bond Fund	11/76	-9.5	11.1	74.2	100.5	4.00	0.86
USAA Tax-Exempt Fund-High Yield	3/82	—	—*	6.9	—	none	1.29
USAA Tax-Exempt Fund-Intermediate Term	3/82	—	—*	4.7	—	none	1.24
USAA Tax-Exempt Fund-Short Term	3/82	—	—*	10.3	—	none	1.26
Vance, Sanders Municipal Bond Fund	3/78	-7.1	9.6	7.4	60.9	3.75	0.60
Vanguard Muni Bond-High Yield	12/78	-11.0	11.7	51.6	31.3	none	0.47
Vanguard Muni Bond-Intermediate Term	9/77	-7.6	9.5	36.1	34.7	none	0.47
Vanguard Muni Bond-Long Term	9/77	-10.8	11.1	88.7	21.3	none	0.47

*Fund not in operation for full period.

The Forbes/Wilshire 5000 Review





More of the same. If there was any consolation in the market's sharp midsummer drop it is this: The volatile American Stock Exchange is holding better than either the Dow industrials or the broad-based Wilshire index. Over the most recent two weeks, the Wilshire was down 6.3% and the Dow was down 5.6%. The Amex, meanwhile, was off just 4.6%. During the four-week, it fared even better—declining a mere 1.4%. Once again, that's the best relative performance.

In contrast, the New York Stock Exchange has been the weakest segment of the recent market, especially over the last two weeks. During the last ten days of trading NYSE stocks declined 6.5%. At least part of this weakness stems from the breakdown of the proposed merger between Gulf Oil and Cities Service. In the wake of that news, arbitragers, faced with potentially large losses, helped spark heavy selling of selected NYSE issues.

All market focus groups declined during the last month, but the setbacks were less than those of the broader averages. The heaviest selling was in middle-of-the-road stocks, while both the more speculative and undervalued groups performed slightly better than the market.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-4.3	-3.7	-4.6	-1.4	-2.7
in last 52 weeks	-23.4	-16.8	-22.1	-33.7	-22.6

Stock performance based on five key investor yardsticks

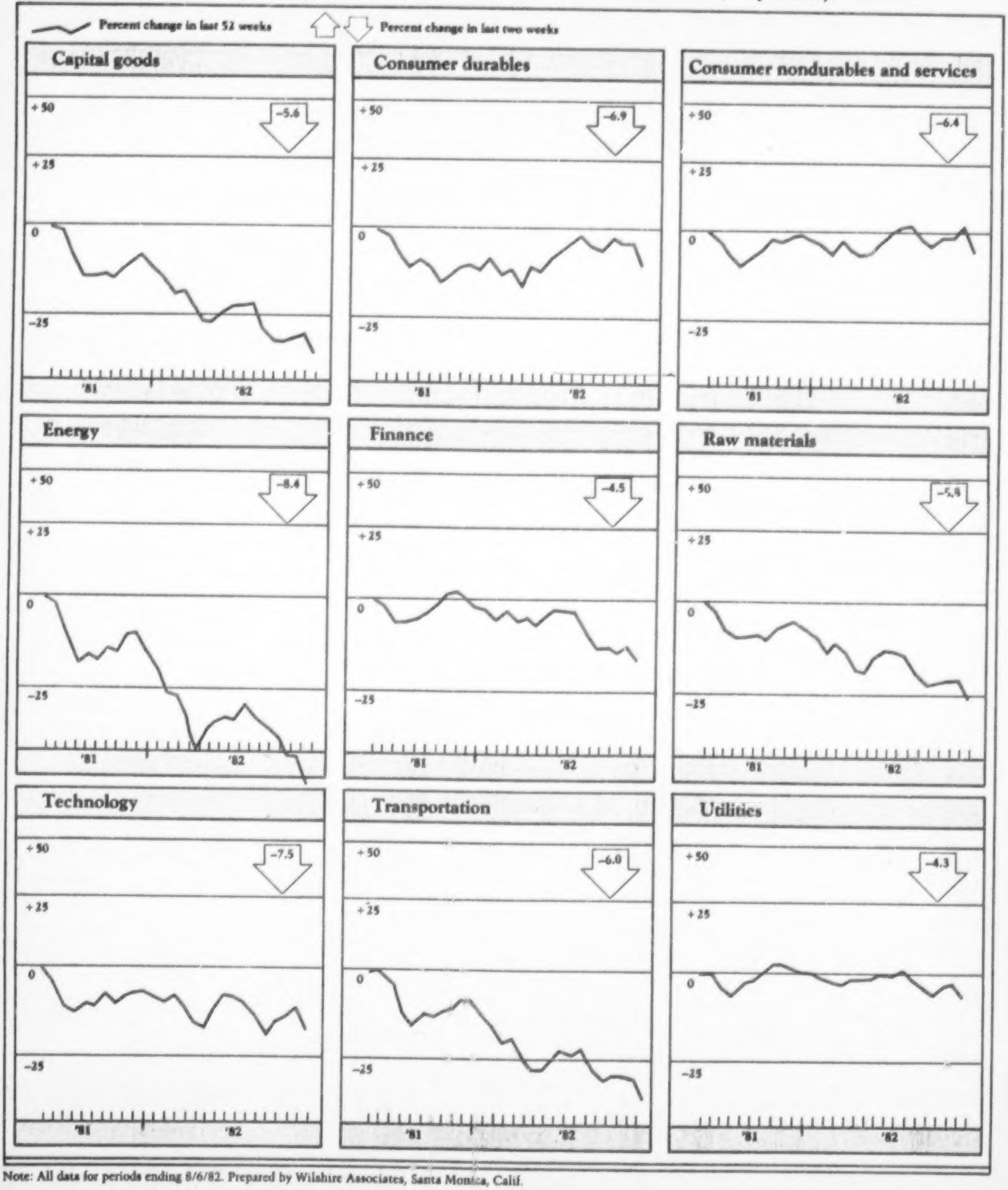
Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-3.3	-0.1	-2.7	-0.9	-1.3	-0.2	-4.0	-0.4	-3.7	-0.5
in last 52 weeks	-21.4	-0.7	-30.1	-6.8	-3.5	-11.8	-19.4	-6.4	-21.0	-17.6

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/6/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Downtown express. All sectors suffered losses during the recent two- and four-week periods. The weakest group: energy stocks, off 8.4% over the last two weeks. Close behind are technology issues, down 7.5%, and consumer durables, behind 6.9%. The most resistance came from the utilities stocks. These defensive issues had been leading a weak market for more than a year. But news that pending tax legislation is likely to curtail the favorable treatment of utility dividends caused the group to fall 4.3%.

It now appears that the 1982 summer rally was only wishful thinking. All nine sectors are lower than they were late in May. It has been a particularly rough summer for energy stocks, which are off more than 18% since May. Consumer nondurables and services issues and technology issues were the strongest groups over this stretch. They were off 2.8% and 4.9%, respectively.



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Josephine E. Abercrombie Kenneth Stanley (Bud) Adams Jr. Joseph A. Albertson Albert B. Alkek Joe Lewis Allbritton Charles Robert Allen Jr. Herbert Allen Herbert Anthony

SEPTEMBER 13, 1982 TWO DOLLARS AND FIFTY CENTS

Forbes

Barbara Cox Anthony Ted Arison Isaac Arnold Jr. Robert H. Arnow Alice O'Neill ... Bass Sid Richardson Bass Frank B... Carlton Beal Stephen Davidson Bechtel Sr. Stephen Davidson Bechtel Jr. Arthur B. Belfer Charles B. ... Arnold B... Jack M. Berry Sr. Burton ... Bettingen Electra Waggoner Biggs Virginia McKnight Binger Morton Blaustein Paul Block Jr. William ... Boesky Malcolm Austin Borg Octavia Mary du ... Breeden Donald L. Bren Harvey R. (Bum) Bright Dolph Briscoe Jr. George R. Brown Jack Brown William ... Brown Jr. Warren Buffett August A. Busch ... R. Cargill Margaret Cargill Curtis L. Carlson Robert Ralph (Bobby) Carpenter Jr. William Kemble ... William Walt... Edward ... Cohn Miles Collier Grover Connell Catherine Mellon ... Jack K... Lammot ... Leo F. Corrigan Jr. Edwin L. Cox John L. Cox William C. Cox ... Bosw... ...ll Crow ... Crown ... Cummings Morris Barney Dalitz Constance Simons du Pont ... David M. D... Kenneth ... Marvin D... Cullen ... Dayton Edward J. DeBartolo Dominique de Menil John ... Richard M... DeVos ... Dillon ... Dinner ... Disney Fitz Eugene ... Suzanne Searle Dixon John Thompson Dorrance Jr. John ... Dorrance III ... Carpent... Duke Felix d... Jr. ... Bradford ... Pont Rebecca du Pont Irénée du Pont Jr. John Eleuthère du ... du Pont Sam... Pont ...liam du ... Will... ...ington ... Roy ... Seymour Durst Charles H. Dyson Jane Engelhard James ... Thomas Mell... Harold ... William Sta... David Fask... Belin ... Peter Feinberg Sandra Ferry (Rockefeller) John Earl ... Zachary Fisher Lucile Evelina du Pont Flint Malcolm Stevenson Forbes Kenneth W. Georgia Rosenbloom Frontiere John Brooks Fuqua Daniel Mauck Galbreath John Wilmer Edward L. Gaylord Gordon Peter Getty James S. Gilmore Jr. Sol Goldman Sylvan Nathan ...ald Dolly Green Margaretta Lammot du Pont Greenewalt Ben Hill Griffin Jr. Franklin Nelson ...e Clyde Hall Marie Ingersoll Hamilton Armand Hammer Jake Louis Hamon Jr. Floyd Roger Hardesty W. Averell Harriman Ann Clark Rockefeller Harris David Whitmire Hearst George Randolph Hearst Jr. Randolph Apperson Hearst William Randolph Hearst Jr. Robert A.

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8/31/82

THE RICHEST PEOPLE IN AMERICA

THE FORBES FOUR HUNDRED

Hefner Henry John Heinz II Harry Brakmann Helmsley John Hendrix Leon Hess William R. Hewlett Margaret Hunt Hill Henry Lea Hillman William Barron Hilton Gerald Douglas Hines Oveta Culp Hobby Leslie Townes (Bob) Hope Robert Staples Howard Stanley E. Hubbard Mary Hudson Roy M. Huffington Haroldson Lafayette (Hassie) Hunt III Helen Hunt Lamar Hunt Nelson Bunker Hunt Ray Lee Hunt Ruth June Hunt Ruth Ray Hunt William Herbert Hunt Swanee Hunt-Meeks Steven P. Jobs Belton Kleberg Johnson John H. Johnson John Seward Johnson Samuel Curtis Johnson Thomas Jordan Harold Kalikow Peter Kalikow Howard Kaskel Howard B. Keck William Keck Jr. Kirk Kerkorian Robert H. Kierckhefer John Werner Kluge James L. Knight Philip H. Knight Charles G. Koch David H. Koch William I. Koch Sarah Korein Raymond A. Kroc Carl C. Landegger George F. Landegger Meyer Lansky Estée Lauder Joseph Lauder Leonard Lauder Ronald Lauder Samuel J. LeFrak William Jaird Levitt Carl H. Lindner II John Langeloth Loeb John Jeffry Louis Jr. George Lucas Daniel Keith Ludwig Mary Jane du Pont Lunger John T. Lupton Robert Alfred Lurie Patrick J. McGovern Malcolm Purcell McLean Gordon McLendon Henry Stark McNeil Jane Cox MacElree John Hugh MacMillan III W. Duncan MacMillan Jack N. Mandel Joseph C. Mandel Morton Leon Mandel Armas Clifford Markkula Jr. John Willard Marriott Sr. Forrest Mars Sr. Margaret Cullen Marshall Leonard Marx Jack C. Massey Cordelia Scaife May Irene du Pont May John W. Mecom Jr. Paul Mellon Timothy Mellon Bernard H. Mendik Joseph Meyerhoff Roger Milliken Alice du Pont Mills Paul Milstein Seymour Milstein George P. Mitchell William Alvin Moncrief Sr. William A. Moncrief Jr. Gordon E. Moore Mary Clark Rockefeller Morgan Robert Adam Mosbacher Clint W. Murchison Jr. David H. Murdock Stephen Muss Donald Newhouse Samuel I. Newhouse Jr. Arthur Charles Nielsen Jr. Kenneth Harry Olsen Abby Milton O'Neill Laura Simpson O'Neill Richard J. 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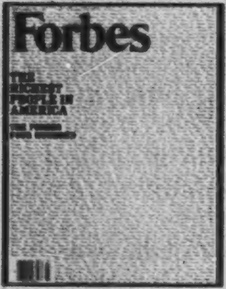

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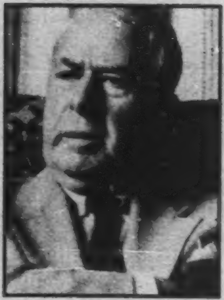

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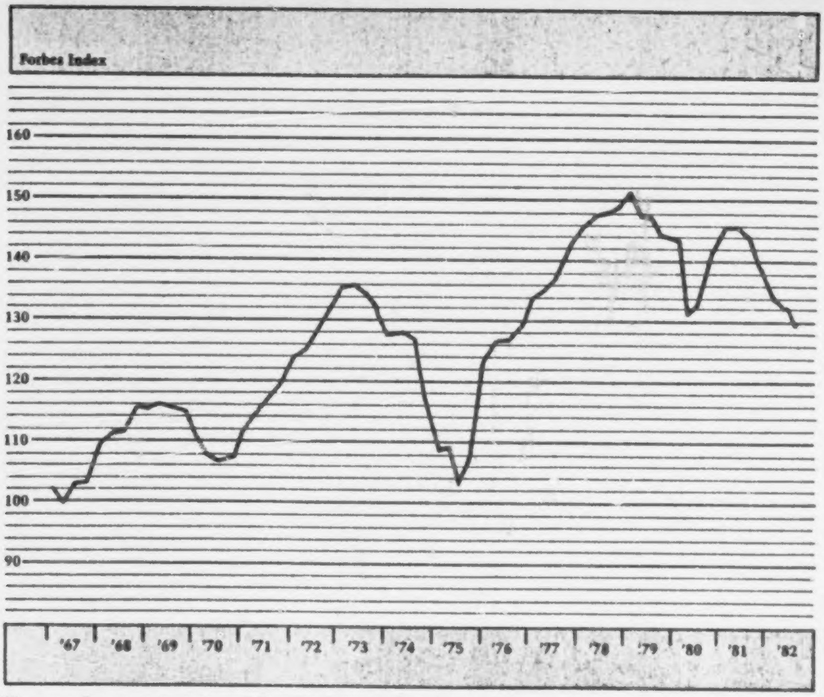
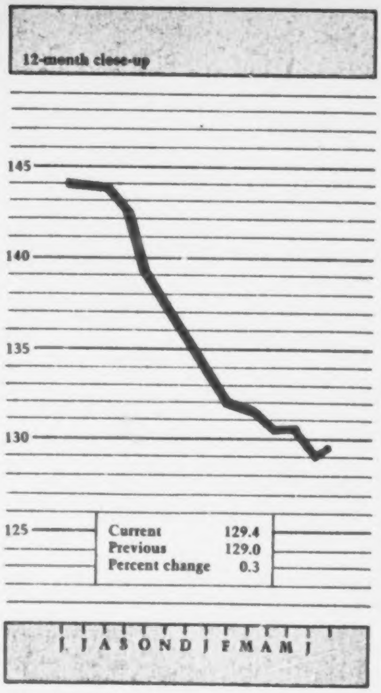
The Forbes Index





Current	129.4
Previous	129.0
Percent change	0.3

Up, up but not away. The Forbes Index has once again posted a gain. Its choppy path in recent weeks indicates that the economy is searching for solid footing. Once that is established, the recovery should get under way.

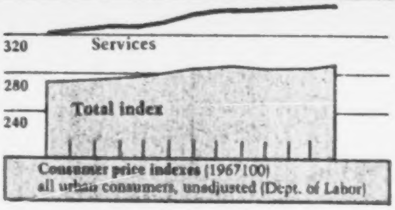
Although none of the recent news is spectacular, it is almost all good. Personal income rose 0.5%, up from 0.1% a month earlier. This shows that the July 1 tax cut is having a definite impact on the economy. The psychological impact is even greater. Increasingly optimistic consumers pushed up retail store sales by 1% for this month.

The decline in industrial production narrowed to 0.1%, compared with a 0.7% drop the two previous months. Initial unemployment claims fell by 9.1%. Even total housing starts were up by some 18.9%. This figure is somewhat misleading, however, since single-family home starts are still in the doldrums.

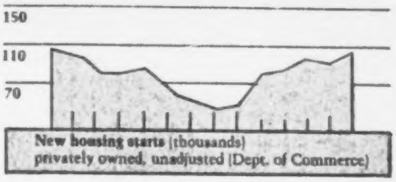
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

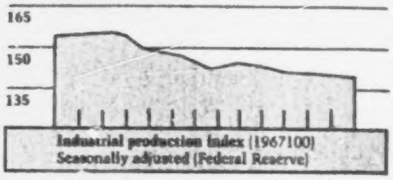
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



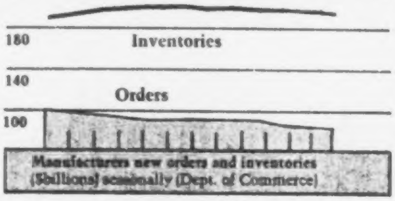
Consumer price indexes (1967100)
all urban consumers, unadjusted (Dept. of Labor)



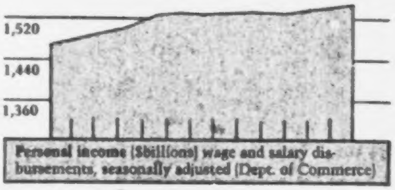
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



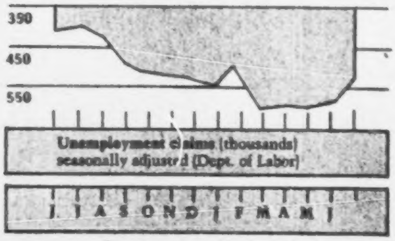
Industrial production index (1967100)
Seasonally adjusted (Federal Reserve)



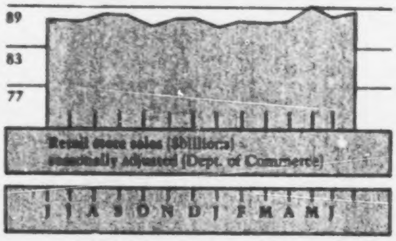
Manufacturers new orders and inventories
(\$billions) seasonally (Dept. of Commerce)



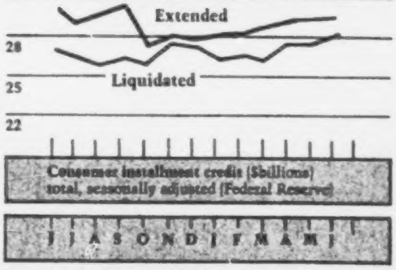
Personal income (\$billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales (\$billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit (\$billions)
total, seasonally adjusted (Federal Reserve)

American Brands has been using its tobacco division to nourish its diversification. Now it's time to feed the bovine.

Cash cow into prize steer?

By Richard Greene

EDWARD WHITTEMORE, chief executive of $6.5 billion (sales) American Brands, reels off the kinds of businesses his company is in: "Cigarettes, liquor, hand cream, biscuits." A mishmash? No, there's a nexus. "Almost all our products can be put in a box or a bottle," he says. "Properly labeled and put on a shelf in a store, they'll sell."

Back in the days when then-President George Washington Hill was sending Lucky Strike Green to war, American Brands was a crack marketing outfit with a commanding 36% of the American cigarette market. But since World War II, American Brands has allowed its market share to dribble down to about 10%.

For years a cash cow, American's domestic tobacco division financed far-ranging diversification, which now provides 61% of operating income. You can wonder why American lost out in cigarettes. But you can scarcely fault its overall strategy. Last year American's return on equity was 20.3%, narrowly topping R.J. Reynolds' with an excellent return on equity of 20% and almost catching Philip Morris' 21.9%. The year before, American outclassed both larger rivals with a return on equity of almost 24%. While never attracting the attention of its more flamboyant rival, Philip Morris, American treated its stockholders exceedingly well. In the soggy stock market of the past decade AMB rose nearly 50%; common dividends increased from $1.15 a share to $3.50, while common share earnings went from $2.26 to $6.68. It was a showing that few major U.S. corporations could match.

This successful corporate strategy was devised by Robert K. Heimann, now retired, who shone in the acquisition game. Heimann, a onetime managing editor of FORBES, who headed the company for eight years through 1980 and served as its president for three years before that, played a key role in bringing the company such winners as James B. Beam Distilling, Swingline, Master Lock, Acushnet, Jergens, Franklin Life Insurance and Britain's Gallaher Limited.

American Brands' Edward Whittemore
Reach for a Lucky instead of an acquisition.

Some of the product lines seemed like dogs when they were acquired, but almost all have worked out well in the long run. The reason is that American didn't just acquire-'em-and-forget-'em. It applied to each new product line a highly developed operating philosophy based on fairly simple formulas. For example, what do you do in a recession, when consumer products sit around store shelves?

Whittemore: "We bring out new and improved products. Last year we had 183 line extensions on good products that we wanted to expand, plus 268 new products. Nearly one-fifth of all our sales came from products introduced in the last five years. New things are selling."

Some examples: Pinnacle golf balls from the firm's Acushnet golf ball subsidiary that promise more yards to the swing; Kamora, a Mexican coffee liqueur from James Beam for the rapidly growing imported specialty liquor market; Chipples, a potato chip snack from Sunshine Biscuits; plus a line of microcomputers and software that will be distributed through Wilson Jones' office supplies dealer network. The list goes on and on.

To American Brands marketing men there's little difference among golf balls, potato chips and face cream. The new executive vice president of American Tobacco, Thomas Hayes, was formerly the president of Jergens. And he doesn't even smoke.

Whittemore himself is not a tobacco man. He originally came from Wilson Jones, the office supplies firm. A copy of a patent he holds on nylon ring binders is proudly displayed in his office. A logical conclusion would be that American Brands is in for more of the same: more diversification, less tobacco. That conclusion would be dead wrong. Whittemore seems determined to make his own mark on the company and the way he has chosen, perhaps to differentiate himself from

Heimann, is to try reviving cigarettes.

The only real success the company has had in the last two decades has been Carlton, an ultra-low-tar cigarette that pioneered that market in the early Sixties. But ultra-low-tars are not growing, and the middle-range low-tars are the source of 50% of market sales.

So Ed Whittemore intends to reach back into the firm's history and dredge up a now-dormant brand that was once the biggest-selling cigarette in the land—Lucky Strike.

For anyone over 35, the name conjures all sorts of images: "It's toasted," the package's legend; "Reach for a Lucky instead of a sweet"; the years when the brand sponsored *Hit Parade* on both radio and television; the war years, when Lucky went over "The Hump," as cigarette marketers then called American's main competitor, Camels; and, of course, LS/MFT—Lucky Strike Means Fine Tobacco.

These images haven't faded even from younger minds. When American tested the Lucky Strike name on people under 35, a surprising 97% knew it, even though the brand now has only 0.9% of the market. After all, their fathers smoked Luckies. Or their uncles.

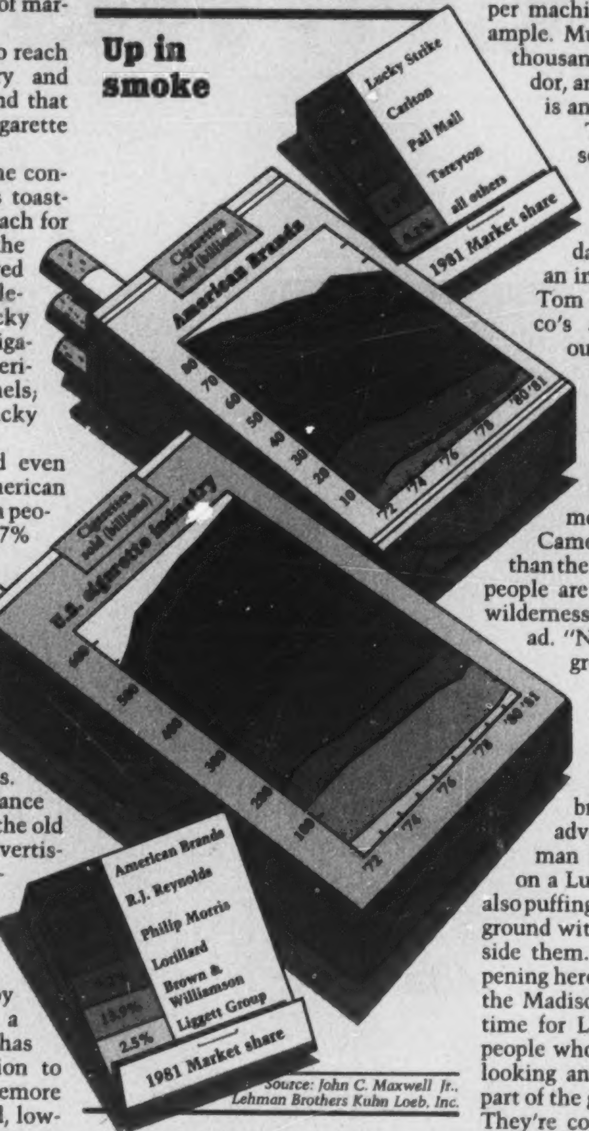
But Luckies have been high-tar and filterless, and filterless cigarettes appeal to only a small segment of diehards. Realizing that there was little chance of getting any new smokers for the old Luckies, American allowed advertising per pack to shrink to a minuscule 0.04 cents, compared with 0.74 cents per pack for Marlboro, according to Lehman Brothers' John C. Maxwell.

Now, however, inspired by Reynolds' great success with a low-tar filter Camel that now has 2.5% of the market in addition to filterless Camel's 2.3%, Whittemore is ready to push his new filtered, low-tar Luckies. The new Luckies are aimed at the big 21-to-35 market. Vending machines are a key element here because that's where the bulk of this market buys cigarettes. How to get the vendors to start carrying Luckies? The industry calls the answer "subsidies" or "inducements." These are cash giveaways that reward vendors for reserving column space for your new product.

In the past, American has been very stingy here. Says Norman Borkan, senior vice president of AAV Co., an Ohio vendor: "Reynolds is the most aggressive and pays the most, and Philip Morris has to be second."

Now, however, American is pulling out all the stops with its new Luckies. In the Boston area, for example, if a vendor adds a new brand he gets $4 per machine, per year, for each one placed; free cartons of Luckies; free cartons of Pall Mall Red (American's largest-selling single brand) after placement and a $1 allowance for attaching a special sticker to the machine, with another $2 for putting a new label on some months later. What's more, if the vendor combines the new Luckies with enough other American brands, he can pick up another $4 a year per machine.

Up in smoke



Source: John C. Maxwell Jr., Lehman Brothers Kuhn Loeb, Inc.

American Brands has not fared well over the last decade in cigarettes. Only Liggett Group has lost more market share. Ultra-low-tar Carlton has been American's only growing brand.

That adds up to something like $25 a year per machine. Trade talk suggests that American is offering even more in other areas—as much as $35 per machine in Connecticut, for example. Multiply that by a couple of thousand machines for a large vendor, and you begin to see why this is an effective inducement.

This time, American isn't selling Luckies as the better-tasting cigarette or Luckies as the safer cigarette. Instead, appropriate to today's age of hype, it is selling an image.

Tom Hayes, American Tobacco's advertising chief, spreads out some competitors' advertisements on his desk. "This one, for Marlboro, is pretty straightforward. It's Marlboro country. The man and the wilderness. Then Camel: It's sort of a modern-day Marlboro, but the Camel guy looks even tougher than the Marlboro guy. Both of these people are sort of loners, out in the wilderness." He points to a Winston ad. "Now, they typically show a group of construction workers. And they say, 'Nobody does it better.' A lot of double meaning there.

"We've tried to be different from any of these brands in Lucky Strike." His advertisement shows a young man in the foreground, puffing on a Lucky while four other men, also puffing on Luckies, sit in the background with musical instruments beside them. "Something good is happening here," says Hayes, getting into the Madison Avenue spirit. "So, it's time for Lucky Strike. We've taken people who are young and confident-looking and they're leaders. They're part of the group. But they're up front. They're confident and they're doing things." Smoke your way to self-confidence; have a Lucky.

Within a few weeks Luckies will be available in about 33% of the nation, and Whittemore claims that results to date are good. If Luckies succeed, there's little doubt that Whittemore will try the same trick with a new Pall Mall, which now has about 5% of the market with its unfiltered lines.

The big campaign for Lucky Strike features the phrase "Lucky Strikes again—the moment is right for it." So, look out, Philip Morris! Look out, RJR! ■

The Forbes Four Hundred

An inquiry into the holders of great wealth in America, with notes on the sources of that wealth, the careers of the people who control it and its effect on their lives.

The Forbes Four Hundred

by Harold Seneker

with Jonathan Greenberg and John Dorfman

Americans are ambivalent about wealth. They admire it and desire it, yet resent it and find it vaguely un-American. During the Age of the Moguls, roughly from the Civil War to the Great Depression, the very rich came out of the closet and visibly enjoyed their wealth. But now, by and large, they have gone underground with it. Drawing up this list of America's richest people was, therefore, a formidable task. A majority of the people on it would have preferred not to have been listed.

This is a compilation of the Big Rich—not of jetsetters or media celebrities, who do indeed celebrate their well-being. The Forbes Four Hundred are solidly rich, rich enough to make a difference.

A family with $10 million or so—not big wealth by today's standards—can readily live, and in fact many do live, as well as most of the country's centimillionaires. You can't tell a person's wealth by his lifestyle. So, it is not easy to find out exactly who the Big Rich are, let alone how much they have.

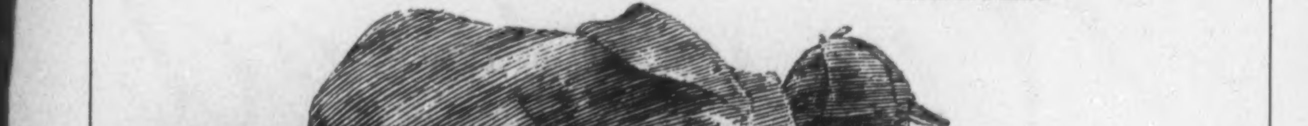
You don't need fabulous wealth to live very, very well these days. How many Rolls-Royces ($115,000 each) or yachts ($500,000 and up) do you really need or even *want*, after all? A year's worth of very fine dinners for two at gourmet restaurants costs about $50,000—the income from $400,000 in tax-exempt bonds, hardly great wealth. And your very own transatlantic jet seems superfluous when you can hop on the Concorde ($1,800, one way, New York to Paris).

So what do the *really* rich do with their money? Some they give away: Philanthropy is "in" among the very wealthy. But most of it is reinvested, either in their existing businesses, or stocks or bonds, or in new ventures. The main thing they do, then, is create jobs and ever more of the goods and services needed to sustain the average man's lifestyle, all in the search for profit, or sense of achievement by their own standards, or sense of family duty to the fortune. In a purely moral sense, then, conspicuous consumption may be "obscene," but great wealth is not.

Vast wealth, secretly envied where not openly admired, is still the alltime conscious or unconscious dream of many Americans—after immortality. And in the absence of knowledge, myths have naturally proliferated. Some are benign, like the hit movie, *Arthur*. But many are poisoned with political paranoia, or at least twisted for use by politicians hunting more tax dollars to spend. The accumulation of some 40 years of such malign mythmaking has had consequences in the nation's laws and fiscal policy we are all still living with.

So Forbes is inaugurating The Forbes Four Hundred. In form, a periodic scorecard of who is really rich in this country—an intriguing enough inquiry anyway—but it will go beyond that: It will attempt to delve into the nature of wealth and the wealthy, into how they got that way as well as who they are, and into how they conduct their lives.

Of necessity, the list is tentative rather than authoritative: a well-informed estimate, not an audited report. But if the details are not precise, we believe the overall effect is. Great Wealth in America as it really is. An honest photograph, even if taken in a mist.



The Rules of the Chase

"If you know exactly how rich you are," observed the late John Paul Getty, "you're not really rich." Wealth, it turns out, is not a simple concept. Getty meant the fortunes of the Big Rich are normally concentrated in large businesses whose value cannot be exactly calculated unless they are actually sold. So wealth is difficult enough to guesstimate even with the cooperation of its owner or owners, and most of our subjects did *not* cooperate.

Nor is it by any means always clear exactly who *owns* a great fortune: It is often parked at least partly in the names of the immediate family or concealed in private investment companies or, more difficult, in trusts, where the separate elements of ownership (control of principal, receipt of income, power to name heirs, etc.) are deliberately spread among different people to accord with the inheritance tax laws.

To arrive at coherent estimates of wealth in all this welter, we adopted a number of rules, mostly based on common sense:

- Blocks of publicly traded stocks are priced at the market in mid-August for consistency.
- Privately held companies are valued according to estimated earnings, where estimable, based on multiples then prevailing for publicly traded companies in similar businesses.
- Lacking reasonable earnings estimates, we adopted rule-of-thumb conventions widely used within respective industries, particularly in evaluating the media: Newspapers, for instance, can be valued at $500 and up per subscriber, or 10 to 15 times earnings, or 1.0 to 1.4 times revenues, in each case subtracting a generous allowance for probable liabilities. TV stations were evaluated for us by reputable media brokers.
- In some cases, we had to settle for estimates of book value, particularly among private oil producers, where we often did not venture beyond putting a fair estimate on their oil reserves. In one or two cases (*e.g.*, J.R. Simplot) we were forced to work from estimates published by the general press; they are treated very conservatively, since they are often unreliable.

In fact, in every case we went out of our way to be ultraconservative; we wanted to be sure everyone on the 400 belongs on the 400.

Then came trusts. We had to proceed on almost a case-by-case basis, applying common sense. Most trusts are plainly set up to carry out a normal pattern of inheritance (to wives or husbands, or offspring) and exist mainly to minimize inheritance taxes. These trusts we generally attributed to the person who created the wealth, where still alive and in control, or else to the principal controlling family member where he is not.

We gave similar treatment to certain special arrangements which are aimed at keeping control of a valuable asset in the family (*e.g.*, the Cargills, where, reportedly, company shares may only be sold or bequeathed to family members; the present holders are credited with full value, though their shares are not freely marketable).

On the other hand, spendthrift trusts, meant to keep control of a fortune *out* of the hands of beneficiaries, were not credited to the beneficiaries. The estimated trust income was, while we usually looked for controlling family members when seeking to assign the principal.

Irrevocable charitable trusts were not counted in at all, even when, as in the case of the Pews, they serve to retain ultimate control over the family company; we decided such wealth is really working for charity now. Foundations, of course, were not counted either, though occasionally noted.

There was one last set of problems to deal with. Generally, we considered wealth in the name of a spouse or child as part of the still-active principal's wealth, especially when family ties are manifestly close and they all share interests in an ongoing business. Exceptions: where a fortune is so vast that another family member's share qualifies him or her for 400 status (as in An Wang and his wife, Lorraine); or where family and business ties are broken or at least noticeably frayed. So Joseph Meyerhoff is here as patriarch-in-charge while Henry Ford II is not. Ford is retired and his children are scattered, apparently maintaining their own inheritances, and are born of wives he has since divorced. (He himself had only $80 million we could clearly identify, mainly depressed Ford stock and his 4% interest in California's Irvine Ranch.) Meyerhoff, on the other hand, still comes to the office, and his son Harvey, a big shareholder now, is in the business. One major exception is not as chauvinist as it looks: Mary Kay Cosmetics. The founder-mother Mary Kay Ash (formerly Rogers) is not listed, the president-son and lately larger shareholder Richard Rogers is: Both stoutly maintain that he is absolutely in charge of the whole show and has been for a long time. Far be it from us to come between a son and his mother.

The Forbes Four Hundred

$1 Billion And Up

Daniel Keith Ludwig

Shipping. NYC. 85. Twice divorced, no children. In continual pain 50 years from back injury. In 1930s used contracts to ship Seven Sisters oil as collateral for loans to build the ships; in WWII built substantial U.S. tanker fleet, got it back free after V-J Day; later built first supertankers in low-cost Japanese shipyards. Now downpedaling ships, buying savings and loans. Vast U.S. real estate holdings. Sank probably unrecoverable $1 billion into Amazon jungle pulp empire; estimated net worth still above $2 billion. Avoids press.

Ludwig

Gordon Peter Getty

Inheritance. San Francisco. 48. Married, 4 sons. Fourth son of billionaire John Paul Getty. Served several brief stints with father's companies: Getty Oil, Spartan Aircraft. Lives quietly; amateur composer, pianist, patron of arts. Only relative with father at his death 1976 (2 half brothers deceased, Gordon's elder brother estranged). Now sole trustee, 33% beneficiary Sarah Getty Trust (named for his late grandmother): includes 31.8 million shares Getty Oil worth $1.4 billion, with annual dividend of $83 million.

Getty

Perry Richardson Bass

Sid Richardson Bass

Father and son. Oil, investments. Ft. Worth. Legendary oilman Sid Richardson (d. 1959) left bulk of estate to foundation, rest to nephew Perry, whose mother lent Sid $40 to start in oilfields during Depression. Perry: 67. Married, 4 sons. Built Richardson legacy into second-largest private oil empire (after Hunts), with stakes in nearly every large U.S. field. Principal hobby: sailing. Helped design the PT boat WWII; navigated Ted Turner's World Open championship win 1972. Sid, 39, runs much of business. Invested in venture capital firms ($8 million in Idanta Partners now $200 million); also hotels, real estate, vast stock portfolio. Personal style: more eastern intellectual than Texas good ol' boy. Together, father and son control family fortune in excess of $2 billion (younger sons: Robert also works in business; Edward has ceramics shop in Santa Fe; Lee at Wharton). All live quietly: "When you're where they are, who do you want to impress?"

Sid Bass

Margaret Hunt Hill

Inheritance. Dallas. 67. Married, 3 children. Eldest child of H.L. Hunt; shares in trusts, other properties inherited by Hunt's "first family." Acts as informal "chairman of the board" at family business meetings. Avoids press. Conservative investor: Stayed clear of brothers' silver play, other speculations. Reportedly insisted "the boys" use additional personal assets, secure principal family holding, Placid Oil, after Spring 1980 silver debacle. She denies this. Her net worth, despite her denials, probably exceeds $1 billion.

Caroline Hunt Schoellkopf

Inheritance. Dallas. 59. Divorced, remarried, 4 sons, 1 daughter by first marriage. Daughter of legendary oilman H.L. Hunt; shares in 20 trusts, other properties with rest of Hunt's "first family." Stayed clear of silver play, other speculations of brother Bunker. Long busy with church affairs, raising children, becoming amateur cordon bleu chef. Lately investing with 3 sons in superluxury hotels projected at $350 million over a 5-year period. Already spent in excess of $100 million on Dallas' Mansion on Turtle Creek, Hotel BelAir in Beverly Hills, and the Remington, Post Oak Park, Houston. Says she is the sole beneficiary of trust with net worth in excess of $200 million. Including all trusts, wealth may approximate $1 billion.

Schoellkopf

Philip Anschutz

Oil. Denver. 43. Married, 3 children. Father Fred built contract drilling company, oil and gas interests all over Midwest. Philip took over 1961, sold drilling rigs, became aggressive buyer oil leases. Also minerals, Denver real estate. Recently sold half his interest in "ele-

Anschutz and wife Nancy

phant" oilfield, Anschutz Ranch Field for reported $500 million. Est. net worth: over $1 billion.

Forrest Mars Sr.

M&M/Mars Inc. Las Vegas and McLean, Va. 78. Twice widowed, 2 sons, daughter. Runs world's largest confectioner. Secretive: "the Howard Hughes of candy." Raised by divorced mother in Seattle; father financed British candy venture to keep him distant. Took over the U.S. company anyway, at 60, leading top brass in prayer at first business meeting. "I pray for Milky Way, I pray for Snickers. . . ." Obsessed with plant cleanliness. Estimated net worth: over $1 billion.

Lamar Hunt

Inheritance, oil. Dallas. 50. Divorced, remarried, 4 children. Youngest of H.L. Hunt's "first family." Shares fully in Hunt "first family" oil trusts. Personal business interests mainly sports: founded American Football League; owns Kansas City Chiefs, interests in other clubs (but lost Dallas Cowboys to archrival Clint Murchison); also World Championship Tennis, Inc. Lives frugally, stays out of limelight. Caught up in brother Bunker's Silver Bubble; despite taking on his share of $1.1 billion silver bailout loan, decline in value of oil properties, his denials, probably still worth about $1 billion.

Lamar Hunt

William Herbert Hunt

Inheritance, oil. Dallas. 53. Married, 5 children. Third son in H.L. Hunt's "first family." Principal manager family's vast oil empire (Penrod Drilling, Hunt Energy, etc.), also real estate. Inherited father's contempt for high living: house in upper-middle-class neighborhood, 10-year-old Mercedes, during 1979 energy crisis was spotted in 2-hour gasoline line "waiting patiently with his wife and dog." Drawn into brother Bunker's Silver Bubble. Despite share of $1.1 billion silver bailout loan, decline in value of gas and oil properties, probably still worth in excess of $1 billion.

Herbert Hunt

Nelson Bunker Hunt

Inheritance, oil. Dallas. 56. Married, 4 children. Second son of H.L. Hunt. Shares massive Hunt "first family" oil trusts; personal interests center on agriculture, commodities. Vast farm, ranch, timberlands. World-class commodities speculator: epicenter of 1980 Silver Bubble; apparently dreamed of monetizing silver; also led massive Hunt position in soybeans 1977. Lives well but not extravagantly; worries about weight (195 lbs.); longtime John Bircher. Despite large share in $1.1 billion silver bailout loan arranged by Federal Reserve, price decline in oil properties, etc., net worth probably still about $1 billion.

Nelson Bunker Hunt

David Packard

Hewlett-Packard Co. Los Altos Hills, Calif. 70. Married, 4 children. Started with $538 in small garage 1939, made electronic equipment. Packard supplied business/management knowhow, Hewlett engineering talent; nearby Stanford, leading-edge technological setting. First break: sold 8 audio-oscillators for sound track of Disney's *Fantasia*. Emphasized high tech, premium quality and price. Stayed in measuring and control instruments until pushed into calculators, small computers, EDP products in late Sixties by customer needs. Now the third-largest minicomputer company. Packard's shares worth just over $1 billion.

Packard

Marvin Davis

Oil. Denver & various. 56. Married, 5 children. Father from Manhattan garment district, got into oil & gas after WWII. Marvin took over 1947, bought *many* cheap oil leases in out-of-favor Rockies, became one of biggest U.S. wildcatters. Hit 15% successful drilling rate, enough to finance his Denver skyscrapers, shopping center, bank; also over $75 million cash for 20th Century-Fox deal. Lives lavishly. Always doing business; burns out geologists, but best ones leave rich. Retinue of bodyguards, ex-FBI agents for security. Estimated net worth: just might be $1 billion.

Davis and wife Barbara

The Forbes Four Hundred

$500 Million and Up

David Rockefeller

Inheritance, real estate. NYC and Tarrytown, N.Y. 67. Married, 6 children. Youngest child John Davison Rockefeller Jr. Began as asst. mgr. in uncle's bank 1946; senior v.p. 1952; vice chairman 1957; CEO in 1969. Became globetrotting "banker-statesman." Retired April 1981 to run family foundation, Rockefeller Center, Inc. Correct, reserved: "No one, and I mean *no one*, calls David Rockefeller 'Rocky.'" Estimated net worth: from trusts, vast real estate holdings (25% Embarcadero Center, S.F.; 33% L'Enfant Plaza, D.C.; etc.) may approach $1 billion.

Walter H. Annenberg

Publisher. Wynnewood, Penna. 74. Divorced, remarried; daughter, deceased son by first wife. Inherited (with 7 sisters, but he has voting stock) Triangle Publications from multimillionaire father Moses Annenberg 1942. Founded *TV Guide* 1953. Close friend of, ambassador to Great Britain for, Richard Nixon. Dismantling empire for vast philanthropies, but Triangle still worth about $800 million.

Stephen Davidson Bechtel Sr.

Stephen Davidson Bechtel Jr.

Engineering and construction. Oakland, Calif. 81, 57. Father: married, 2 children; son: married, 5 children. Sr. built family railroad construction company from moderate size to global giant building dams, pipelines, refineries. Jr. took over 1960, expanded nuclear plant construction and added airports. World revenues this year: $8.3 billion. Profits may approximate $150 million. Also owns part of 2 large investment companies: Bechtel Investments, Sequoia Ventures. Estimated net worth: Sr., approx. $750 million; Jr., around $200 million.

Harry Brakmann Helmsley

Real estate. 72. NYC. Divorced, remarried, no children. Sank life savings into a building in 1938; today controls over $5 billion worth, including Empire State Building. *(See also Lawrence Wien.)* Has *many* equity partners; his percentages have increased on later projects. Second wife, Leona, heads Helmsley Hotels. As commercial landlord, now moving into Miami, San Francisco, Houston, other cities. Swims daily, likes ballroom dancing. Estimated net worth: near $750 million.

Sam M. Walton

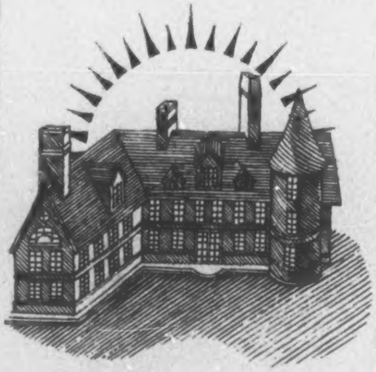
Wal-Mart Stores. Bentonville, Ark. 64. Married, 4 children. Lost his store lease 1950, settled in Bentonville, where he could get a Ben Franklin variety store. Had 16 by 1962; opened a discount store experimentally. Had 30 Wal-Marts in 1970, went public. Now 500 in 13-state area mostly in Sunbelt. With family, owns 38%, worth $690 million; his directly owned shares are worth $138 million. Drives beat-up Chevrolet with dog-teeth marks on steering wheel.

William R. Hewlett

Electronics. Palo Alto, Calif. 69. Widower, remarried; 5 children from first marriage, second wife has 5. Cofounded California-based computer firm Hewlett-Packard 1939 in 1-car garage; invented audio-oscillator. Private person, many-faceted. (Historian Arnold Toynbee: "Amazing. He knows more history than half the historians in the world.") Outdoorsman. His stock worth close to $650 million.

Edward J. DeBartolo

Shopping centers. Youngstown, Ohio. 64. Married, 1 son, 1 daughter. Grew up with Italian-born stepfather, a painting contractor. Around 1950 plunged on untested idea most banks feared to lend on: suburban shopping centers. Plunged again on giant regional malls 1960s. Also owns banks, racetracks and sports teams, but lets Eddie Jr. own pro football 49ers. Estimated net worth: well over $500 million.



Samuel I. Newhouse Jr.

Donald Newhouse

Newspapers, TV. NYC. 54, 52. Both married, total of 6 children. Samuel I. Sr., born Lower East Side Manhattan tenement of poor immigrants, turned around *Bayonne* (N.J.) *Times* as teenager, went on to build one of the great newspaper empires. Sons Si and Don control all voting shares; several other Newhouses on payroll. Bought Random House 1980; selling the TV stations, buying cable. Including nonvoting stock, each brother's share easily exceeds $600 million.

Haroldson Lafayette (Hassie) Hunt III

Inheritance. Dallas. 65. Unmarried, no children. Eldest son of, closest look-alike to, H.L. Hunt; was good "oil finder." One of few times father wept publicly: admitting Hassie was mentally ill. But his trusts, controlled by brothers and sisters, continue; net worth believed to exceed $600 million.

William Walter Caruth Jr.

Real estate. Dallas. 70. Married, 4 children. Grandfather opened general store 1849, used earnings to buy land, amassed cotton plantation. Father increased acreage to near 30,000, sank into debt. Turned over to Will Jr. 1939, who has been developing it ever since. Now known as North Dallas. Likes to sell land, keep 50% of cash flow. Also Florida real estate. Estimated net worth: approaching $600 million, most in names of children, 2 nephews since 1940s. Principal sorrow: All 6 inheritors uninterested in managing fortune or unable to.

Cyril Wagner Jr.

Jack Brown

Partners. Oil. Midland, Tex. Wagner: 48. Divorced, remarried; 5 children. Brown: 56. Married, 3 children. Set up Wagner & Brown Oil

Properties 1962, built up prodigious oil production. Now have "staggering" cash flow, modest debt; set up Canyon, Inc. to diversify out of oil (aeronautics, plastics, etc.). Share equally business empire worth $1.1 billion.

Henry Lea Hillman

Industrialist. Pittsburgh. 63. Married, 4 children. Son of Pittsburgh's J.H. Hillman Jr., who was one of few to stand up to the Mellons in their heyday. Joined father's business 1946. Inherited 1959. Lately moved away from investment strategy of taking minority positions toward acquiring 100% and taking private. Through The Hillman Co., Pittsburgh National, other holdings, net worth probably well exceeds $500 million.

Paul Mellon

Inheritance. Upperville, Va. 75. Remarried widower, 2 children by first marriage. Inherited $250 million from legendary financier father, Andrew Mellon (d. 1937). Interests not business: art, English literature, fox hunting and Thoroughbreds. Also philanthropy: $100 million British art collection to Yale; East Wing of National Gallery (founded by father), Washington, D.C. Estimated net worth: over $500 million.

Roy H. Cullen

Margaret Cullen Marshall

Wilhelmina Cullen Robertson

Isaac Arnold Jr.

Inheritance, oil. Houston. Grandsons and daughters of Hugh Roy Cullen (d. 1957), legendary wildcatter; hit famed Tom O'Connor field early 1930s (500 million bbl.). Favored strategy: Drill abandoned dry holes deeper, find the oil. Founded Quintana Petroleum 1932. Now run by 2 grandsons, 2 sons-in-law. Each is a v.p., no president. Roy: 52. Married, 6 children. Margaret: 61. Married, 2 sons. Isaac: 46. Married, 3 children. Wilhelmina: 59. Married, 5 children. Husband Corbin leader of family. Share control of Quintana, family trusts; sons of another sister have passive $13 million/year interest, sued 1979 for larger share of fortune. Quintana's estimated oil reserves worth approximately $2 billion.

A. Alfred Taubman

Shopping centers. Bloomfield Hills, Mich. and Palm Beach, Fla. 57. Divorced, remarried, 3 children. Taubman was a small-scale muddy boots builder early 1950s; specialized in shopping centers; moved into California market 1957. Led Irvine Ranch buyout 1977, owns 15% *[see Athalie (Joan) Irvine Smith]*. "Taubman creates a retail energy. The atmosphere is pulling on your pocketbook." Estimated net worth: $525 million.

Barbara Cox Anthony

Anne Cox Chambers

Sisters. Cox Enterprises. Honolulu; Atlanta. Barbara (Mrs. Garner Anthony): Honolulu. 59. Two children. Anne (Mrs. Anne Cox Chambers): Atlanta. 62. Three children. Inherited 97% Cox Enterprises, which owns the Atlanta *Constitution*, et al., 44% Cox Broadcasting following deaths of father (1957), brother James Jr. (1974). Barbara's husband, Garner Anthony, 53, is chairman; she runs ranching interests Hawaii, Texas, Australia. Anne, noted Atlanta hostess, served as ambassador to Belgium 1977-81. Joint net worth probably exceeds $1 billion.

Leonard Norman Stern

Hartz Mountain Industries. NYC. 44. Married, 3 children. Father Max emigrated from Bavaria's Hartz Mountains with 2,100 canaries; started pet business 1926. Son Leonard peddled hard as boy, and effectively: "A salesman should be able to sell horse apples. You just have to con the sonofabitch." Leonard took over the business in the 1960s, sold so hard ran into antitrust trouble; settled out of court 1979 for many millions. Moved heavily into New Jersey real estate. His estimated net worth: in excess of $500 million.

Richard Mellon Scaife

Inheritance, investments. Pittsburgh. 49. Married, 2 children. Grandson of Richard B. Mellon; inherited $200 + million 1965. Built up chain of smallish newspapers in Pennsylvania and California. Published *Pittsburgher* magazine, folded 1981. Heavy contributor to conservative causes ($500,000 to Milton Friedman, $1 million to Nixon's CRP, etc.). Between personal fortune and trusts, estimated net worth exceeds $500 million; vigorously denied by him.

Robert O. Anderson

Oil, land. Roswell, N.M. 65. Married, 7 children. Father first banker to lend on oil in ground; Robert borrowed $50,000 1941, invested in "teapot" refinery. After that small start, drilled 200 dry holes until big strike 1957; bought ($4 million) and sold ($25 million) Wilshire Oil; likes Western ranchland and bought 1.1 million acres (an area bigger than Rhode Island) in N.M., Tex., Colo. Then sold refinery to Arco 1962, went on board. Appalled: top management not oilmen; became CEO in 1965. Estimated net worth: about $500 million.

Curtis L. Carlson

Entrepreneur. Minneapolis. 68. Married, 2 daughters. Began with Gold Bond trading stamps (1952 revenues $2.4 million), now trades businesses like Radisson Hotels through $2 billion (revenues) Carlson Cos. of which trading stamps are 10% of revenues. Loner; 100% self-financed. Tightfisted workaholic: "What you do on Saturdays is what puts you ahead of the competition." Estimated net worth: about $500 million.

Jack Kent Cooke

Publishing, cable TV, real estate, sports. Upperville, Va. 70. Divored, remarried 1980; 2 children by first marriage. From Canada, naturalized 1960 by act of Congress. Sold encyclopedias door-to-door; then sold soap to stores; then sold radio stations, newspapers. Has owned several sports teams (lately, football Redskins), 11% Teleprompter (sold for $76 million); owns Chrysler building (NYC), etc. "Retirement should be shunned like leprosy. I tried it once." Estimated net worth: at least $500 million.

Trammell Crow

Real estate. Dallas. 67. Married, 6 children. Before WWII, a CPA. Built warehouse in Dallas 1948. "After that, we just kept building and building." Operates through "partnerships" (he maintains control) with local managers, others, 1 for each project. Narrowly averted disaster in 1974 real estate crunch. Total assets now some $3.5 billion nationwide. Crow's estimated net worth: about $500 million.

Kenneth W. Ford

Timber. Roseburg, Ore. 74. Divorced. 2 children. Started small sawmill (Roseburg Lumber Co.) 1936. Mortgaged to hilt to buy 160,000 unwanted timber acres Douglas County, Ore. at $2/acre before WWII. Approximate value today: $2,000/acre. Largely uncut. One of biggest U.S. plywood producers (revenues about $400 million). With constant reinvestment, estimated net worth: about $500 million.

Samuel J. LeFrak

Real estate. NYC. 64. Married, 4 children. NYC's LeFrak City part of 30,000 apartments he owns. Now investing big in oil and gas. Has music publishing company. Daughter Francine producer on Broadway. Common denominators: tax shelters and LeFrak's Golden Rule—"Those with the gold make the rules." Estimated net worth: $500 million.

J.R. Simplot

Potatoes. Boise, Idaho. 73. Divorced, remarried, 4 children by first wife. After quarrel with father, quit eighth grade, left home. Sorted potatoes, raised hogs, put proceeds into first potato field. Millionaire by 30. Big break: meeting Ray Kroc *(which see)* and owning patent on frozen french fries. "When the time is right, you gotta *do* it!" Raises Thoroughbreds, has 30′ x 50′ U.S. flag on 16-story flagpole. Said to be worth $500 million.

$400 Million and Up

Samuel Curtis Johnson

Johnson Wax. Racine, Wis. 54. Married, 4 children. Namesake of founder and 4th generation Johnson to run S.C. Johnson & Son, Inc., now $2 billion sales company (Future Floor Finish, Raid, Pledge, etc.). Took over 1967; preparing 5th generation. Relaxes by hunting, fishing, photography, flying (qualified as commercial pilot). Has 60% of Johnson stock. Estimated net worth: close to $500 million.

Laurance Spelman Rockefeller

Inheritance, investments. Tarrytown, N.Y. 72. Married, 4 children. Some success in venture capital 1940s (Eastern Air Lines, McDonnell Douglas Corp., etc.), cofounded United Nuclear Corp. 1950s. Active environmentalist; set up, runs resorts. Estimated net worth: probably about $450 million.

Edwin L. Cox

Oil. Dallas. 60. Married, 2 sons, 1 daughter. Born Arkansas; in Texas oil since 1946. Poured some cash flow into stockholdings: SEDCO, InterFirst Corp., etc. Made $15 million on Keebler Co.-United Biscuits merger 1974. One son in oil business with him. "Pleasant, engaging fellow"; helped develop E.L. Cox School of Business at So. Methodist Univ. 1978. Estimated net worth: about $450 million.

Charles Cassius Gates

Gates Corp. Denver. 61. Married, 2 children. Father founded business 1911 selling leather bands once used for auto tires, then made tires. Uncle invented V-belt 1917. Inherited 1961, with 4 sisters. Diversified; bought Learjet Industries 1967, still owns two-thirds. Disposed of tire business 1973; Gates Corp. sales nearly tripled since, earnings around $60 million. Also real estate, etc. Estimated net worth, with family: at least $420 million.

Michel Fribourg

Grain trader. NYC. 69. Married, 5 children. With 3 sisters, fifth generation of Belgian grain trading family. Hitler made expansion to U.S. essential. Does over 20% world grain trade as 90%-owned Continental Grain. Home reflects love of all things French. Estimated net worth: over $400 million.

George P. Mitchell

Oil, real estate. Houston. 63. Married, 10 children. Son of immigrant from Greece, sold stationery and bussed tables to complete Texas A&M 1940. Became freelance geologist for eating money plus piece of the action. Assembled pieces into Mitchell Energy & Development. Added real estate from mid-1960s. His 28.4 million shares worth $300 million; personal assets worth at least $100 million more.

Winthrop Paul Rockefeller

Inheritance. Winrock Farms, Ark. 34. Divorced, 3 children. Son of Winthrop Rockefeller (d. 1973), the former governor of Ark. Inherited father's mountaintop home, but not his 50,000-acre ranch and farm empire, which went to charity. Rare public appearances confined to charitable fundraising events. Estimated net worth: over $400 million.

Malcolm Purcell McLean

Trucking, shipping. NYC. 68. Married, 3 children. Put $30 down on secondhand truck in Depression North Carolina; sold McLean Trucking 1955 for $6 million. Invented cargo containerization; sold Sea-Land Service, Inc. 1969 for $160 million profit. Bought real estate, including Pinehurst resort, N.C. Bought U.S. Lines 1978, building new shipping company. Avoids press. Estimated net worth: over $400 million.

David H. Murdock

Real estate, acquisitions. Bel Air, Calif. 59. Divorced, remarried; 3 children by second wife. High school dropout. Built homes in Phoenix, Ariz. after WWII; parlayed $100 million empire; saved $13 million from 1963 collapse. Next, California: bought real estate, small companies with Graham & Dodd analysis. "When everyone sees it's a good investment, it's time to sell." In April bought Cannon Mills for $413 million, bank financed. Estimated net worth: over $400 million.

Cordelia Scaife May

Inheritance. Ligonier, Penna. 54. Inherited $200+ million 1965 from Mellon mother. Divorced, widowed. 1950 marriage to Herbert A. May Jr. brief. Later wed longtime friend Robert Duggan, Pittsburgh's D.A., 1975. Estranged from brother *(see Richard Mellon Scaife)*. Lives modestly; supports zero-population-growth causes. No children. Favors unusual investments such as $10 million in alternative-energy venture capital firm. Estimated net worth: over $400 million.

Lammot du Pont Copeland

Inheritance. Greenville, Del. 76. Married, 3 children. Only child of Louisa, Pierre's older sister *(see Pierre S. du Pont family)*. Joined Du Pont company 1929. Became pres. 1962; est. work week 80 hours. Corfam, his favorite new product, lost $150 million for firm; left after son Lammot Jr.'s famous bankruptcy 1970; still on the Board. With Irénée du Pont Jr., considered family's copatriarch. Est. net worth: over $400 million.

Roger Milliken

Textiles. Spartanburg, S.C. 66. Married, 5 children. Grandson of founder Milliken & Co. Begun 1865 as dry goods jobber; became selling agent for southern mills. Helped finance, held equity in suppliers until Depression; wound up owning many. Now largest U.S. textile company (revs. approx. $2 billion); considered best-run despite bath in double-knits. One of three Millikens in company management (president since 1948); his controlling interest probably worth some $400 million.

Carlton Beal

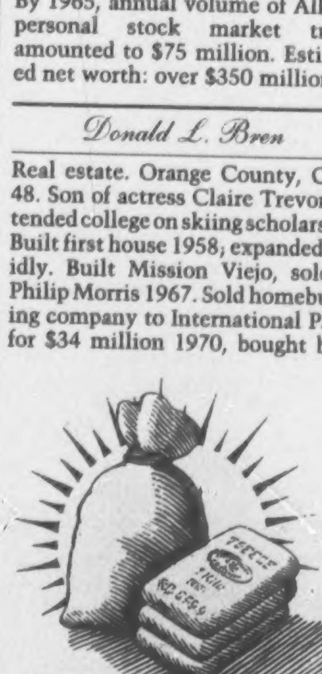
Oil. Midland, Tex. 66. Married, 4 sons in business. MIT graduate 1945. Cofounded BTA Oil Producers 1952; bought out partner, fellow-Midlander "Moose" Trobaugh mid-1960s. His oil reserves in Texas, Louisiana, Oklahoma, New Mexico worth approximately $400 million.

Albert B. Alkek

Oil. Victoria, Tex. 71. Married, 1 son, 1 daughter. Borrowed $250 from rancher-father to try his luck in some up-and-coming oilfields. First well, 1939. Met mentor-patron Harry F. Sinclair (founder Sinclair Oil) 1941; merged, became Sinclair-Alkek 1948. Bought out Sinclair 1952. A major Wall Street plunger. By 1965, annual volume of Alkek's personal stock market trades amounted to $75 million. Estimated net worth: over $350 million.

Donald L. Bren

Real estate. Orange County, Calif. 48. Son of actress Claire Trevor; attended college on skiing scholarship. Built first house 1958; expanded rapidly. Built Mission Viejo, sold to Philip Morris 1967. Sold homebuilding company to International Paper for $34 million 1970, bought back 1972 for $3.5 million. Big opportunity: now development partner in Irvine Ranch combine; owns 35%. Estimated net worth: $350 million.



John L. Cox

Oil. Midland, Tex. 57. Married, 2 children. A petroleum engineer at Stanolind Oil & Gas from 1946, went out on own 1952. Settled in Midland. Major operations in Spraybery Trend in west Texas, now among the largest private oil producers in Texas. Estimated net worth: around $350 million.

A. N. Pritzker

Jay Arthur Pritzker

Robert Alan Pritzker

Financiers. Chicago. 86, 60 and 56. All married. A.N., 3 children (1 deceased); Jay, 5 children (1 deceased); Robert, 4. A.N. started with father's law firm early 1920s; by 1940 in a position to refuse all new legal business—too busy with commercial interests. Started business, real estate ventures with law clients. Now assets (most under Marmon Group umbrella) approach $2 billion. Family nationally visible from late 1960s as builders Hyatt hotels using unique atrium designs. Acquisitions: *McCall's* magazine, Cerro Corp., Hammond, others. Respected on Wall Street as classic Graham and Dodd investors, looking at assets, liquidity, cash flow. "They like to buy at 80 cents on the dollar." "Very tough." Share estimated net worth exceeding $1 billion.

H. Ross Perot

Computer services. Dallas. 52. Married, 5 children. Invented "facilities management" as independent business; founded Electronic Data Systems 1962. First man to lose $1 billion (on paper, 1969, when hot EDS stock plunged). Now plays little day-to-day role in company or Dallas civic life. Owns 52% of EDS, worth $325 million.

Raymond A. Kroc

McDonald's. Chicago. 79. 3 marriages, 2 divorces. One daughter, deceased; has adopted daughter of present wife. High school dropout. At 52, small-time maker malted-milk machines; discovered Richard and Maurice McDonald doing $250,000 a year on 15-cent hamburgers. Franchised them; bought them out 1961. Still owns 4.86 million shares. Bought baseball Padres 1974. Estimated net worth: some $320 million.

Arthur M. Wirtz

Real estate, sports. Chicago. 81. Married, 4 children. Son of Chicago cop, started in real estate 1922, managing buildings. Became king of workout artists, buying up Depression-era real estate bankruptcies; hooked up with legendary grain speculator Jim Norris. Built sports empire 1930s; broken up in classic antitrust suit 1957. Owns banks, liquor distributorships, Chicago stadium, travel agency, much Chicago real estate outright: "Arthur doesn't believe in owing any mortgages. He's afraid of them." Late billionaire John D. MacArthur on Wirtz' 123-ft. yacht with gold fixtures: "Jesus, Arthur, I wish I could afford something like this." Estimated net worth: over $300 million.

Lawrence A. Tisch

Preston R. Tisch

Loews Corp. NYC. Built hotel chain from father's hotel in Lakewood, N.J. (1946); began conglomerating 1959. Well regarded on Wall Street as canny, cash-flow-and-fundamentals investors. The two are inseparable: live close together, dine together, play tennis together, share one limousine. Larry: 58. Married, 4 children. "Bob": 55. Married, 3 children. Estimated net worth: over $300 million each.

Robert Ruliph (Bobby) Carpenter Jr.

William Kemble Carpenter

Irene Carpenter Draper

Brothers and sister. Inheritance. Children of Margaretta L. du Pont, sister of Pierre S. *(see Pierre S. Dupont family).* Bobby: Montchanin, Del. 67. Married, 4 children. Director Christiana Securities to dissolution 1976; owned baseball Phillies, sold 1981 by son Robert Ruliph III for $30 million. William: Ft. Lauderdale, Fla. 63. Remarried widower, 1 daughter, 1 adopted stepson. Noted as deep-sea fisherman in his day. Irene (Mrs. James A. Draper III): Rockland, Del. 71. 3 marriages, 2 divorces, 5 daughters by first marriage; known for longtime hobby of cutting hair of friends, relatives in barber chair set in bay window of game room. Roughly equal shares (except Phillies) in fortune probably approaching $1 billion.

Pierre Samuel du Pont III

Mary Belin du Pont Faulkner

Esther Driver du Pont Thouron

Edith du Pont Pearson

Willis Harrington du Pont

Inheritance. Surviving children of Lammot du Pont, brother and key associate of Pierre Samuel *(see Pierre S. du Pont family)*; pres. Du Pont company 1926-40, chairman 1940-1948; d. 1952. Pierre III: Greenville, Del. 71. Married, 3 children. Rose to v.p. Du Pont company, resigned under pressure after outside business failures. Passionate yachtsman. Son Pierre IV present governor Del. Mary (Mrs. James Morison Faulkner): 75. Married, 7 children. Singularly obscure. Esther (Lady John Thouron): Southeast Penna. 74. Divorced, remarried. Second husband knighted 1976 for British-U.S. student exchange. Edith (Mrs. George Burton Pearson Jr.): Greenville, Del. 70. Widowed, remarried 1968; 5 children by first marriage. Husband prominent Del. attorney. Willis: Palm Beach, Fla. 46. Married, 3 children; son of Lammot's fourth wife (Pierre, Mary, Esther, Edith by first). Citrus, cattle, banking investments in Fla. Robbed in Miami home 1967 of $1.5 million rare coins. Siblings believed to share roughly equally in father's estate; Pierre III's worth probably lower than others due to business losses. Fortune now probably totals $1.5 billion or more.

Leonard Marx

Real estate. NYC. Over 76. Married, 3 children. Graduated Yale 1920s, became broker. Dealt in chain-store properties, switched to shopping centers. Now owns downtown real estate in various cities (some $50M-worth in NYC alone) and shopping centers, with son Leonard Jr. Highly secretive, very smart. Knowledgeable peers say net worth exceeds $300 million. Marx strongly denies: "I'm just a working drudge who tries to overcome my shortcomings by working very hard."

August A. Busch Jr.

Anheuser-Busch. St. Louis. 83. 4 wives; once widowed, twice divorced; 11 children, 1 deceased. Family company made corn syrup, yeast during Prohibition; Budweiser before and after. His 6.4 million shares worth $294 million; has French Renaissance chateau in St. Louis County where he rode to hounds in younger days. Son August A. III, 45, runs company. Estimated net worth: over $300 million.

Marion du Pont

Inheritance. Virginia and Camden, S.C. 88. Twice divorced (second was actor Randolph Scott), no children. Granddaughter of "Boss" Henry du Pont (d. 1889), organizer of original Gunpowder Trade Assn. 1872. Father kept Du Pont company stock despite family splits. Noted horsewoman most of this century (first woman to ride astride, not sidesaddle, at Madison Square Garden Horse Show, 1930). Beneficiary 40% father's estate; her share probably now exceeds $300 million. On death goes to nieces, nephews *(see John Eleuthère du Pont).*

John T. Lupton

Coca-Cola bottler. Chattanooga, Tenn. 56. Married, 4 children. Grandfather John T. used bit of patent medicine fortune and two partners to finance first Coke bottling plants 1899, died 1933. Father Carter ran business until he died in

The Forbes Four Hundred

1977. John, who joined in 1954, now largest U.S. bottler: Houston, Dallas, Ft. Worth, Austin, Phoenix, Denver; volume $500 million. Estimated net worth: over $300 million.

Georgia Rosenbloom Frontiere

Inheritance. Bel Air, Calif. 52. Twice widowed, 3 divorces, 1 annulment; remarried, 2 children. Onetime singer. Met 6th husband 1957: Carroll Rosenbloom, who built small denim factory into land, stock, oil lease and sports empires. Married him 1966; had 2 children. He drowned in swimming accident 1979 at age 72. Inherited bulk of fortune estimated by press at $300 million and up, including 70% of L.A. football Rams.

John Jeffry Louis Jr.

Inheritance. Winnetka, Ill. 57. Married, 3 children. Former director various corporations, trustee several schools including Northwestern University. Currently U.S. Ambassador to Court of St. James. Mother was a Johnson of Johnson Wax; he has 30% of stock in that privately owned company, worth over $200 million; also at least $40 million other investments.

Leslie Townes (Bob) Hope

Entertainer, real estate. North Hollywood and Palm Springs. 79. Married, 4 adopted children. Big in vaudeville, then radio, movies; made $3.4 million in oil 1949 with Bing Crosby; bought real estate. Now owns 11,000+ acres Los Angeles, Ventura County; Texas oil wells; still makes $25,000 a show. Net worth probably exceeds $280 million.

Charles G. Koch

David H. Koch

William I. Koch

Brothers. Oil. Charles: Wichita, Kans. 46. Married. David: NYC. 41. Married, no children. Twin William: Boston. Married, no children. With brother Frederick, 50, own three-fourths of Koch Industries, estimated revenues over $14 billion from oil, pipelines, refinery construction, ranching, etc. Charles runs company; David, executive v.p. Father Fred, one of three founders of Koch, was charter John Birc[illegible]. Charles' and David's politics: Libertarian Party (David ran for vice president 1980). Joint estimated net worth: over $800 million.

Leon Hess

Oil. NYC. 67. Married, 3 children; a son in the business. Started in father's fuel oil delivery business, Perth Amboy, N.J., at 18; now it's Amerada Hess (owns 10 million shares, is CEO). Considered tough, aggressive, brilliant, loner. Owns about 1/3 Monmouth racetrack; 50% N.Y. football Jets. Estimated net worth: over $275 million.

Henry Crown

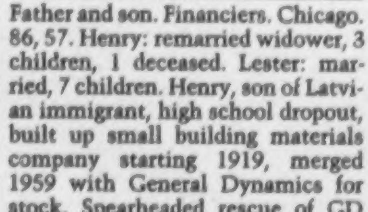
Lester Crown

Father and son. Financiers. Chicago. 86, 57. Henry: remarried widower, 3 children, 1 deceased. Lester: married, 7 children. Henry, son of Latvian immigrant, high school dropout, built up small building materials company starting 1919, merged 1959 with General Dynamics for stock. Spearheaded rescue of GD 1960s. Also substantial investments real estate, other companies. Control of fortune passing to Lester (now exec. v.p. at GD), but Henry remains ruling patriarch. Reputations as tough businessmen. Their joint estimated net worth: well over $500 million.

Richard Marvin DeVos

Jay Van Andel

Partners. Amway Corp. Ada, Mich. 56; 58. Each married, 4 children. High school buddies; after WWII tried to run a flying service, then a hamburger stand, then buy and sail a sloop to Cuba (it sank); peddled vitamins to housewives. Went on own as Amway 1959. Recruit housewives, etc., à la Avon or Tupperware; preach Free Enterprise along with peddling soap. Sellers earn pin money or car payments from selling products, real money is in finding new recruits, getting override, helping build the selling structure. At apex: DeVos and Van Andel, equal owners in company worth at least $550 million.



Philip H. Knight

Nike shoes. Beaverton, Ore. 44. Married, 2 sons. Teamed up with college track coach to sell running shoes 1965. Got U.S. Olympic runners to test own design 1972. Today's marketing approach: name athletes, celebrities dressed in Nikes. Revenues 1981: $458 million: "We're just a bunch of guys selling sneakers." Knight's personal best: 4:13 mile. Stock: $275 million.

Clint W. Murchison Jr.

Oil, investments. Dallas. 58. Divorced, remarried, 4 children. Son of famous Texas oilman and one-man conglomerate, Clint Sr. (d. 1969). ("Money is like manure. You have to spread it around.") Clint Jr. and late brother John (d. 1979) did so: 33% Centex, 32% Kirby Exploration, 100% Dallas Cowboys, ranch land, real estate, etc. Net worth: at least $260 million.

Clarence Scharbauer Jr.

Inheritance. Midland, Tex. 57. Married, 4 children. Father settled in Midland 1889, became leading citizen: built the hotel, ran the bank, etc. As rancher, needed many acres to support each cow in dry west Texas climate. Acquired thousands of acres, some on Permian Basin, one of richest oil provinces in U.S. Clarence Jr. probably most powerful man in Midland. Estimated net worth: $250 million or more.

Walter Shorenstein

Real estate. San Francisco. 67. Married, 3 children. Born Glen Cove, N.Y.; demobilized 1945 in San Francisco with pregnant wife, termination pay. Got commission job as salesman for Milton Meyer & Co. Became partner 1951; sole owner since 1960. Builder, part-owner numerous buildings S.F. financial district; also L.A., Kansas City, Houston. Estimated net worth: exceeds $250 million.

Joe Lewis Allbritton

Newspapers, TV. Houston, et al. 57. Married, 1 son. Father owned cafés in Houston. Son became millionaire 8 years out of college buying 400 acres Houston on bank loans. Bought, sold other businesses, built small chain newspapers, TV stations. Owns ABC affiliate Washington, D.C. worth perhaps $150 million. Estimated net worth: exceeds $250 million.

David B. Shakarian

Health food stores. Pittsburgh. 68. Married, 2 children. Father was first importer of yogurt into U.S. Opened own store 1935, did $35 first day; had six stores by WWII. Began serious expansion 1960: chain of big, flashy discount health food stores instead of small, cracker-barrel norm. Now has over 1,000 GNC outlets coast to coast, mostly in big shopping malls. Went public 1980. With immediate family, owns 80% of stock, plus real estate development in Fla. Estimated net worth: over $250 million.

Ted Arison

Shipping. Miami Beach. 57. Married, 3 children. Fourth-generation Israeli, now U.S. citizen. Father owned largest Israeli shipping company; Ted built Miami's Carnival Cruise Lines on his own nickel: 4 luxury "fun" ships, like TV's *Love Boat*, fully booked; gambling on board. Revenue per ship said to exceed Fontainebleau Hotel's. Also real estate, freight shipping. Estimated net worth: over $250 million.

Arthur B. Belfer

Oil, real estate. NYC. 75. Twice married, 3 children, 2 stepchildren. Polish-born. Quit making sleeping bags for Army 1952; got into oil and gas 1954. Went public as Belco Petroleum 1959; vast production in Peru; with family, owns some 45%. Son Robert, president, comanages Belco. One son-in-law, Jack Saltz, sr. v.p. Belco; other, Lawrence Ruben, comanages extensive NYC real estate holdings for family and self. Estimated net worth: over $250 million.

Jane Engelhard

Inheritance. N.J. Mid-60s. Twice widowed, 5 daughters. Married Charles Engelhard 1947; the legendary "Platinum King" (Engelhard Mineral & Chemical) adopted her daughter. Traveled together in private transoceanic jetliner worldwide. He died 1971; estate estimated $300 million. Now she lives in their Georgian mansion on 172-acre hill property. Estimated net worth: above $250 million.

Edward L. Gaylord

Newspapers, TV. Oklahoma City. 63. Married, 4 children. Father E.K. Gaylord bought into *Daily Oklahoman* 1903; long most powerful man in state. Ran Oklahoma Publishing Co. until death (1974) at age 101; Edward L. now runs $500 million-plus newspaper-TV-real estate empire; family has majority control.

Warren Buffett

Stock market. Omaha. 52. Married, 3 children. Worked two years for late Benjamin Graham. Started family-based investment partnership 1956, dissolved 1969 after 30-fold increase, no down years; turned bull again circa 1974 (DJIA: 580). Likes to buy when "bears are giving them away." Now runs two newspapers, other businesses; sits on several boards; lives modestly. Estimated net worth: $250 million.

Larry Fisher

Zachary Fisher

Brothers. Real estate. NYC. Late 60s. Both married. Larry, elder. Each 1 child. Third generation of family in NYC real estate (Park Avenue Plaza, Burlington Building, et al.); numerous sons, nephews, cousins in business. Respected for good architectural sense; when Daniel Ludwig left NYC real estate circa 1972, kept interests with Fishers. Larry: tough negotiator; baseball fanatic. Zachary: bankrolled effort to turn aircraft carrier *Intrepid* into floating museum. Estimated net worth: $500 million, shared.

Jake Louis Hamon Jr.

Oil, gas. Dallas. 80. Remarried, 1 son, 1 daughter. Father was oilman, sat in "smoke-filled room" at nomination of Warren G. Harding. Jr. inherited connections, started drilling east Texas in Depression. Has vast oil interests, production: "I've never had a big discovery, that's why I keep staying in the business. Goddamn, you want to find an East Texas field! All I've ever found are small fields." Estimated net worth: $250 million.

O. Wayne Rollins

Rollins, Inc. Atlanta. 70. Married, 2 children. Started in textile mill at $10/week. Moved on to auto dealerships, radio, TV stations. Founded Rollins, Inc. 1948, diversified rapidly by acquisition. His stock $125 million; also $30 million in Intermedex; 50,000 acres Ga., Fla., Del. Avid farmer and quail hunter. Estimated net worth: $250 million.

Jack Rudin

Lewis Rudin

Brothers. Real estate. NYC. Father Samuel and brothers founded Rudin Management 1924. Jack: 58. Married, 3 children. Lewis: 55. Remarried, 2 children. Both joined firm 1946. Long-held family philosophy: Never sell. But interest rates, rent guidelines may force change. Own 4,000 apt. units in 25 buildings, 6 million sq. ft. office space. Prepaid taxes in 1975 NYC fiscal crunch. "We had to do something. We

couldn't pick up our buildings and move across the Hudson." Share estimated net worth approximately $500 million.

Betsey Cushing Whitney

Inheritance. Long Island. 74. Divorced, widowed, 2 children by first marriage. Daughter of noted brain surgeon Harvey Cushing. First husband, James Roosevelt, son of FDR; divorced 1940. Married 1942 John Hay Whitney, heir to vast 19th-century fortune (oil, tobacco, street railways, real estate). On his death Feb. 1982, heiress to nearly all of estate estimated at $250 million.

Harry Weinberg

Real estate. Honolulu and Baltimore. 74. Married, 1 son. Austrian-born, left sixth grade to work in father's Baltimore auto repair shop. Made money on real estate 1930s. Bought public bus systems 1950s and 1960s, including Fifth Avenue Coach Lines, NYC; sold at profits, sometimes to cities. Owns vast amounts Hawaii real estate; positions in Alexander & Baldwin, Dillingham, Maui Land, etc. Known as richest man in Hawaii. Estimated net worth far exceeds $200 million.

Kenneth W. Davis Jr.

T. Cullen Davis

William Selden Davis

Brothers. Inheritance. Ft. Worth. Sons of Ken Davis Sr. (d. 1968), founder Kendavis Industries, etc., $2 billion revenues oilfield equipment, contract drilling, exploration & production complex; each inherited over 30%. Ken, who now runs company, and Cullen forced out younger brother Bill, who got $100 million out-of-court settlement; older brothers' holdings now may be $250 million each. Ousted brother now runs father's oil and gas outfit, Davoil, Inc. Ken Davis Jr., 56, divorced, 3 children. Bill, 46, divorced, 2 children by first marriage; 3 with current wife. Cullen, 48, twice divorced, remarried, 2 children by first wife, acquitted 1977, 1979 in killing of second wife's male friend, stepdaughter; charged with seeking to kill divorce judge, dismissed 1979. Now born-again Christian.

Melvin Simon

Shopping centers. Indianapolis. 55. Divorced, remarried. Born Brooklyn to garment district worker; after war in Korea was renting agent for shopping center: started at $100 a week against commission. Began building centers 1959. One of first to bring in movie theaters to fill empty parking lots in evenings. Holdings: 37 million sq. ft. gross leased area. Started movie company 1977. Estimated net worth: well over $200 million.

Sylvan Nathan Goldman

Supermarkets, real estate. Oklahoma City. 83. Married, 2 sons. Painfully built supermarket chain 1930s (checkout counter sign after 1933 bank holiday: "We took your check when no one else would."). Invented shopping cart 1936. Merged 33 stores into Allied Supermarkets 1955, became president. "Retired" 1959 to build massive real estate empire Okla., Puerto Rico, Colo., Tex., Ariz., et al. Family owns former Kaiser Estate in Hawaii. Estimated net worth: considerably upward of $200 million.

Henry John Heinz II

H.J. Heinz Co. Pittsburgh. 74. Divorced, remarried 1953. 1 son. Grandson of founder, who, at 16, found housewives would pay for convenience (he grated, bottled horseradish for resale). H.J.II ran company 1941-66, brought in nonfamily management 1966, broadened company horizons. Now chairman, only Heinz in company. Controls 7.9 million shares recently worth $237 million. Son, H.J. III, senator from Penna., listed assets 1980 at $30 million.

Dolly Green

Liliore Green Rains

Burton Green Bettingen

Sisters. Inheritance. Daughters of Burton E. Green (d. 1965), promoter, first Beverly Hills real estate developer, cofounder Belridge Oil 1911, its president 1925-65. Belridge bought by Shell Oil 1979 for $3.65 billion; sisters share nearly $700 million. Also own Beverly Hills real estate. All over 70. Dolly: Eldest. Beverly Hills. Formerly married, no children. Year after Belridge sale, made first appearance at horse auctions, paid $2.2 million for 5 yearlings. Devout; said to be attached to her 3 dogs; likes to wear red. Liliore: Beverly Hills. Widow. President L.A. Girl Scouts 1961-63; has been socially prominent; lately, withdrawn from society functions. Burton (Burtie) (Mrs. William Bettingen): Beverly Hills. Married, 2 children. Year after Belridge sale bought late John Wayne's beach house for $5 million; ran antique shop in Beverly Hills area as a hobby. Estimated net worth: over $200 million each.

Sol Goldman

Real estate. NYC. 64. Married, 4 children. Goldman-DiLorenzo once NYC's largest, most leveraged landlord. Controversial. Almost destroyed by 1973-74 real estate debacle. On partner's death (1975), Sol and Alex DiLorenzo's sons split remaining three-fifths of holdings by flipping quarters for parcels. Goldman buying up all over again. Estimated net worth: over $200 million; he claims $500 million.

Charles B. Benenson

Real estate. NYC. 69. Divorced, 3 children. Father built Bronx apartments from 1900, switched to investing 1920s. Charles, Yale graduate, joined Benenson Realty 1933. Obscure by choice; shrewd private investor with several NYC builders, including Harry Helmsley *(which see)*, bridge partner Larry Tisch

(which see). Substantial waterfront acreage Long Island; large investment portfolio. Active Museum of Modern Art; respected collection West African art. Despite dogged denials, net worth probably exceeds $200 million.

Lila Acheson Wallace

Reader's Digest Association. Mt. Kisco, N.Y. 91. Widow, no children. Helped late husband, DeWitt (d. 1981), found *Digest* 1922 on borrowed $1,800 in basement of Greenwich Village speakeasy. Now 37½% owner; rest in foundations; trust will run magazine. DeWitt's wish: "I hope this company will still be private 50 years from now." Estimated net worth: at least $200 million.

Harold Farb

Real estate. Houston. 59. Divorced, remarried, 5 children by first marriage. First built a few buildings in 1950s. Now owns 25,000 apartments in boomtown Houston. Diversifying: Plans $350 million office complex; *Ultra* magazine (how-to manual for Texas' swank set); sings own record albums (Gershwin tunes). Estimated net worth: well over $200 million.

Milton Petrie

Retailer. NYC. 80. Married 4 times, twice divorced, once widowed; 3 children. Began with 1930s Reconstruction Finance loans; into bankruptcy 1937, out 1938. Worth $5 million 1960 as retailer women's clothing. Stock market coup 1960 (buying shares of competitor-takeover candidate) financed big expansion. Goes to office only mornings now, but still dominates staff. His Petrie Stores stock, worth around $225 million, pays him $14 million/year dividend. Married to former Marquesa De Portago.

William B. Ziff Jr.

Ziff-Davis Publishing Co. NYC. 51. Divorced, 3 sons. After father's death 1953, bought out Davis. Runs prosperous, growing business publishing 52 magazines (*Boating, Car and Driver)* for young, special-interest, consumer-oriented audience; also trade publications. Now studying computer-age database publishing. Lives modestly in East Side town house. Estimated net worth: over $200 million.

Robert Alfred Lurie

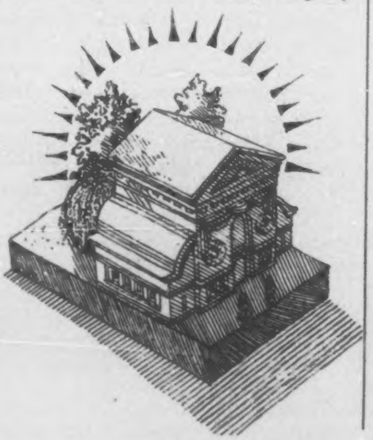
Real estate. San Francisco. 53. Married, 6 children, 2 adopted. Father Louis R., born Chicago, went to San Francisco 1914; bought, sold real estate, built 300 buildings. Backed movies (Tarzan series), talent (Mae West), Broadway shows (*Pajama Game, Fiddler on the Roof*, etc.). Self-made, abrasive; overshadowed only son Robert until death 1972. Robert ("nice guy") bought baseball Giants 1976; owns $100 million real estate in Chicago, probably at least as much in S.F., other assets.

R.E. (Ted) Turner

TV, cable. Atlanta. 43. Divorced, remarried, 5 children. Began in 1963 with dead father's bankrupt billboard company; entered TV inauspiciously 1969. Acquired 87% Turner Broadcasting Co. 1974; pioneered satellite cable TV network. Company has negative net worth but shares increased tenfold. Yachtsman. Salty expresser of strong views. Stock worth $220 million.

Arthur Charles Nielsen Jr.

A.C. Nielsen Co. Winnetka, Ill. 63. Married, 3 children. Nielsen Sr. (d. 1980) founded market survey firm 1923. During Depression, found people claimed to buy prestige Lux soap, really bought proletarian Lifebuoy. Decided to count sales, not words. Result: dominant company measuring grocery sales, TV ratings. Jr. took over 1976. Stock recently worth $216 million.



Ray Lee Hunt
Ruth Ray Hunt
Ruth June Hunt
Helen Hunt
Swanee Hunt-Meeks

Inheritance, oil, real estate. Dallas area, except Swanee in Denver. Ray Lee: 39. Married, 5 children. His mother, Ruth Ray: 65. Widowed. Sister Ruth June: 38. Unmarried, no children. Sister Helen: 33. Divorced, 2 children. Sister Swanee: 32. Married. The second family of legendary oilman H.L. Hunt, who legitimized family by marrying Ruth Ray 1957, after death of first wife 1955 (long kept families secret from each other). Inherited Hunt Oil Co., other properties 1974. Women active in religious affairs: Ruth June works as professional Christian speaker-singer, Swanee married to minister. Ray manages business affairs; turned around ailing Hunt Oil, expanded exploration, undertook vast real estate development in and around Dallas—especially skyline-dominating Reunion Center—started *D* magazine. Mother's $250 million inheritance now a shared fortune of over $1 billion.

John Willard Marriott Jr.

Marriott Corp. Washington, D.C. 82. Married, 2 sons. With wife, opened A&W Root Beer stand 1927. Learned restaurants well; built Hot Shoppes chain. Paid his help well, stayed nonunion. Added first hotel 1957. Now sons John Jr. and Richard run family business, including chain of 107 hotels, but father is chairman, mother a v.p. Family stock worth over $200 million.

Stephen Muss

Real estate. Miami Beach. 54. Married, 5 children. Inherited (with mother and 2 sisters) father's real estate empire in northern N.J., southern Fla. Crown jewel: "Seacoast Towers," 1,100 Miami beachfront apartments and Hotel Alexander, worth near $300 million if co-oped. Owns 75% of Miami's Fontainebleau Hotel. Local political power broker. Estimated net worth: over $200 million.

The Forbes Four Hundred

Victor Posner

Financier. Miami Beach. 63. Twice divorced, 4 children. Began 1930s as Baltimore real estate broker selling houses and retaining land; built substantial real estate empire. In 1960s began acquiring undervalued, asset-rich public companies. Now controls 7. Also much Fla. real estate. Net worth: over $200 million.

Eugene S. Pulliam

Newspapers. Indianapolis. 68. Married, 3 children. Father Eugene C. started with small-town Indiana paper, bought Indianapolis papers during and after WWII; Phoenix papers at end of war. Eugene S. inherited control Central Newspapers, Inc. 1975. Estimated net worth, mostly family trusts: over $200 million.

Chapman S. Root

Coca-Cola bottler. Ormond Beach, Fla. 57. Married, 5 children. Grandfather introduced Coke bottle, bought up bottling plants (d. 1945). Chapman took over 1950 (father killed 1932 in plane crash). Developed outside interests; quit Indianapolis racing-car scene after crash killed 2 of his drivers. Bought out by Coca-Cola May 1982 for resale to owners "who will aggressively support and promote Coke products." Now lives across from golf course. Estimated net worth: over $200 million.

Oakleigh Blakeman Thorne

Commerce Clearing House, Inc. Millbrook, N.Y. 50. Married, 4 children. 4th generation of founding family to run company, publishes comprehensible summaries of changes in law (copyright, tax, energy) for lawyers, other professionals. They pay handsomely for plain English: net aftertax is 10%. His 4 million shares worth over $200 million.

Edwin C. (Jack) Whitehead

Medical instruments. Greenwich, Conn. 63. Married, twice divorced; 3 children by 1st wife; 5 stepchildren. He and father founded Technicon Corp. (makes highly sophisticated blood analyzers) 1939 on $5,000 in Bronx loft; father died 1967. Company went public 1969, Edwin briefly a paper billionaire before market slide. Sold to Revlon 1980. Net worth must exceed $200 million.

Vivian L. Smith

Inheritance. Houston. 76. Widowed, 2 daughters. Husband R.E. (Bob) Smith started in oil, used profits to buy land in Harris County (in and around Houston) starting 1950s: "I believe completely in inflation." At one point owned 17 square miles inside city limits, ranches elsewhere. Believed to be worth $500 million at death 1973. Despite taxes, etc., her trusts probably exceed $200 million.

John Dempsey

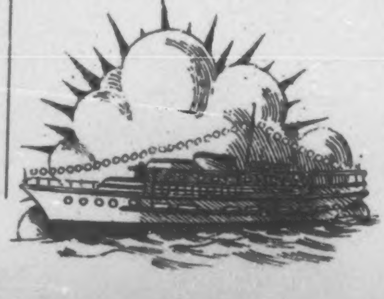
Bulk containers. Delaware, Ohio. 68. Divorced, 6 children. In 1946, an accountant; family owned minority block Greif Bros. Corp., cooperage founded 1877. Hunted down, bought voting stock control at average of $35, took over as CEO 1947. Equivalent shares now: about $2,400. Conservative, religious. "I can't remember ever firing anyone." Given breakup value of business and substantial idle land, portion imputed to his family's voting stock (not traded): over $200 million.

Abby Milton O'Neill

Mrs. George D. O'Neill. Inheritance. Oyster Bay, N.Y. 54. Married, 6 children. Granddaughter of John D. Rockefeller Jr., niece to Nelson and David, daughter of late Abby Rockefeller. Very active in civic affairs and charities, particularly counseling for adolescents and families. Her interest in Rockefeller family trusts exceeds $200 million.

Hugh Rodney Sharp Jr.
Bayard Sharp

Brothers. Inheritance. Sons of Isabella du Pont Sharp, sister of Pierre *(see Pierre du Pont family).* Hugh: Wilmington, Del. 72. Married, 3 children. Was active with family foundations, Du Pont company 1933-82. Thought to have continuing great influence in family. Bayard: Centreville, Del. & Boca Grande, Fla. 69. Married, no children. Director Christiana Securities to its dissolution 1976. Active breeder and racer Thoroughbreds. Now runs exclusive resort Boca Grande, Fla. Brothers share family fortune now probably exceeding $400 million.



Alexis Felix du Pont Jr.
Alice Francis du Pont Mills

Brother and sister. Inheritance. Children of A. Felix Sr., distant cousin who sided with Pierre in family split 1914 *(see du Pont family),* got 8% Christiana Securities. A. Felix Jr.: Kennett Pike, Del. 76. Divorced, remarried; 3 children by first wife, 1 by second. Early test pilot, executive in several smaller aircraft companies, now retired; once built cradle in private plane for infant son. Alice (Mrs. James Paul Mills): Hobe Sound, Fla. 69. Married, 3 children. Raises horses; daughter married artist Jamie Wyeth. Estimated net worth brother and sister: probably exceeds $200 million each. Brother Richard Chichester (noted pilot killed in WWII glider crash) left 2 children, widow, inheritance probably also exceeding $200 million.

Norton Winfred Simon

Industrialist, art collector. 75. Divorced, remarried (to actress Jennifer Jones); 2 sons by first marriage (1 deceased). Survived '29 Crash with $35,000. Bought defunct orange juice plant 1931 for $7,000, built up. Acquired Hunt Brothers Packing 1940s, parlayed into giant Hunt Foods; that into Norton Simon conglomerate. Retired 1969, worth over $100 million. With art, investments, believed to be worth well over $200 million.

Seymour Cohn

Real estate. NYC. 71. Widower, 2 children. After WWII, lived next to his brother Sylvan Lawrence, Levittown, N.Y., commuted together to work, found apt. tenants for commissions. Turned profits on small buildings and parlayed gains into largest, if unsung, real estate holdings by an individual in lower Manhattan. Cohn now spends time with racehorses. Sylvan ran firm until death 1981. Estimated net worth may exceed $200 million.

John Thompson Dorrance Jr.

John Thompson Dorrance III

Father and son. Campbell Soup. Grandfather Dorrance founded the company, died 1930 leaving $129 million estate, third-largest in U.S. to that date. Jr.: Gladwyne, Penna. 63. Divorced, widowed, remarried; 3 children by first marriage. Has run family company since 1962. John III: Wyoming. 38. Married, 2 children. Full-time cattle rancher: "In the haying season he gets up at daybreak and doesn't get back home until late in the evening." Co-trustees of 10.2 million Campbell's shares. With other assets, family fortune estimated at around $400 million.

Doris Duke

Inheritance. Somerville, N.J. et al. 70. Twice divorced; 1 child, deceased. Daughter of James Duke, self-made founder of American Tobacco Co. Inherited $70 million at age 13; since then the constant object of press scrutiny. Sole contributor of the Newport Restoration Foundation in Newport, R.I., which restores 18th- and early 19th-century homes. Major beneficiary of the Doris Duke Trust; her interest and other assets believed to approximate $200 million.

Edward Bradford du Pont

Margaret Lewis du Pont Smith

Brother and sister. Inheritance. Surviving children (brother died 1976) of Henry Belin du Pont Jr. (d. 1970) who was age 3 when father died. Partly raised by Pierre *(see Pierre S. du Pont family)* and endowed with part of family fortune. Edward: Wilmington, Del. 48. Married, 3 children. Left Du Pont company middle management depressed about prospects for promotion; controls aviation maintenance company founded by brother, said to be influential among du Ponts; avid yachtsman. Margaret (Mrs. Edgar Newbold Smith): Paoli, Penna. 52. Married to financial consultant, 4 children. Brother and sister share fortune probably around $400 million.

Charles B. Grant

Oil well supplies. Houston. 61. Twice divorced, 3 daughters by first marriage. Left first father-in-law's company, started competing Grant Corps. 1960. Sells pipe from Sumitomo, U.S. Steel, Armco, etc. worldwide; current volume over $1 billion. Entertains in own 1928-vintage Pullman car, keeps offices near RR yard: "He'd rather talk about railroads than anything." Estimated net worth: $200 million.

Robert Charles Joseph Edward Sabatini Guccione

Publisher. NYC. 50. 2 divorces, 5 children. Son of former accountant; grew up in N.J. Began *Penthouse* magazine with no capital in London 1965. Estimated cash flow $30 million. Former Nixon supporter. Publishes *Omni*. Hugh Hefner and he not on speaking terms. Estimated net worth: close to $200 million.

Joyce Clyde Hall

Donald J. Hall

Father & son. Hallmark Cards. Kansas City, Mo. "J.C.": 91. Widower, 3 children. Became postcard distributor 1906; gradually switched to greeting cards. Uncanny sense of what would sell: "Never have I seen anything, except the worship of God, taken as seriously as J.C. takes greeting cards." Built national distribution, quality image; now semiretired. Donald: 54. Married, 3 children. In management since 1952; president from 1966. Also has troubled K.C. real estate project. Father and son share 75% control, worth $400 million, of Hallmark.

William Randolph Hearst Jr.

Randolph Apperson Hearst

David Whitmire Hearst

George Randolph Hearst Jr.

Phoebe Hearst Cooke

Inheritance. Children (and grandchildren) of William Randolph Hearst, inheritors of Hearst newspaper, magazine, TV, real estate empire. Gained control 1974, despite Hearst's will, by having foundations sell out to family trust. William Jr.: NYC. 74. 3 marriages, twice divorced, 2 children. Writes column for family papers, got Pulitzer 1956 after father's death. Brother Randolph: San Francisco and Paso Robles, Calif. 66. Divorced, remarried, 5 daughters; father of Patty Hearst; heads flagship S.F. newspapers. Brother David (Randolph's twin): Beverly Hills. 66. Married, 2 children. Ran (LA) *Herald Express* 1950-60, semiretired from age 45; plays golf; quiet. Nephew George Jr.: Los Angeles. 55. Divorced, remarried, 4 children. Ran *Herald-Examiner* 1962-77. George moved 1977 to oversight of real estate. Niece Phoebe (Mrs. Amory Cooke): George's twin, Woodside, Calif. 55. Divorced, remarried, 1 child. With husband, active in fight to gain control of family company; now corporate director. Each brother has 20% interest in $1 billion-plus family trust; George and Phoebe share father's (d. 1972) 20%; 4 children John Randolph Hearst (d. 1958) share remaining 20%.

Oveta Culp Hobby

Houston *Post*. Houston. 77. Widowed, 2 children. Ran for Texas state legislature at age 25, lost. Married next year at age 26 to former governor and *Post* publisher. (d. 1964). Became co-editor, publisher 1952; added radio, TV stations to company. Distinguished public service career (headed Women's Army Corps WWII; on cover of *Time* 1944, 1953). Wealth in names of heirs, but largely controlled by her. Estimated net worth: approximately $200 million.

Howard Kaskel

Real estate. NYC. 45. Married, 6 children. Father Alfred (d. 1968) built up Doral hotel chain: hotel, country club in Miami, 3 NYC hotels. Also, as Carol Management, substantial apt. properties Conn., outer boroughs NYC. Son, with family members, has managed successfully. Estimated net worth: around $200 million.

Howard B. Keck

William Keck Jr.

Brothers. Superior Oil Co. Los Angeles. William Sr. was legendary oilman, founded Superior: among first to drill offshore Louisiana, among first in Venezuela. Sons' conflicts forced father to choose one as successor 1953. Howard: 69. Married, 4 children. In old man's shadow until his death 1964; CEO 1964-81. Shifted company toward mining, timber, farming, etc.; company languished. Forced to turn back to oil 1976. William Jr., 71. Married, 1 son. Inactive. Howard's stock worth some $200 million; William's $100 million.

Robert Adam Mosbacher

Oil. Houston. 55. Divorcing second time, 4 children by first marriage. Born White Plains, N.Y. to moneyed family, went to Houston 1948 to become wildcatter. Has real estate, ranching interests in addition to Mosbacher Production Co., worth at least $200 million. Likes yachting, twice world champion in Olympic classes; key fundraiser for Gerald Ford 1976.

Jack Parker

Real estate. NYC. 67. Married, 2 children. Started in Depression as lumber salesman, established own lumber company. Started Jack Parker Construction 1954. Took risks: huge luxury apt. complex in Forest Hills, N.Y. It worked. Expanded into Manhattan, Florida 1960s. Built Parker-Meridien Hotel midtown Manhattan, plans more; co-oping 2,500 apts. on Manhattan's East Side. Twice Long Island Seniors golf champ. Estimated net worth $200 million.

Donald Worthington Reynolds

Newspapers and media. Ft. Smith, Ark.; Las Vegas. 75. 3 times a widower, 3 children. Fired from first newspaper job ("It was my fault"). Helped publish *Yank* magazine WWII. Since war, has built Donrey Media Group: 44 dailies (circ., 430,000), radio stations, TV; getting into cable. Has foundation ready to inherit, operate his businesses. Estimated net worth: $200 million.

Daniel Crow Searle

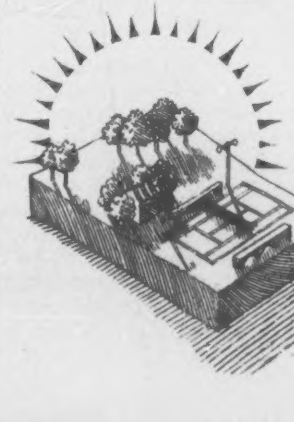
William L. Searle

Suzanne Searle Dixon

Brothers and sister. Inheritance. Chicago area. 56, 54, 51. All married; each 3 children. Fourth generation involved G.D. Searle & Co. (Daniel chairman, others directors). Father John G. built drug company to eminence, awe-inspiring profitability 1936-66. Tried, failed to merge to get good successor management. Daniel, CEO 1966-77, presided over deep tailspin, brought in former Defense Secretary Donald Rumsfeld 1977; dramatic recovery since. Their family stock, mostly in trusts, worth about $600 million.

Athalie (Joan) Irvine Smith

Inheritance, lawsuits, lobbying. Middleburg, Va. & Emerald Bay, Calif. 49. 4 times divorced, 3 sons. Lost father at 2; raised close to grandfather who inherited and built Irvine Ranch. She inherited 22% interest; 54% to foundation run by his cronies. Fought cronies from age 24 (at least 18 lawsuits); pushed tax law amendment that eventually forced sale of ranch. Joined Taubman-Allen investor group for 1977 bidding, legal wars. She won: received $72 million cash, has 11% interest worth estimated $110 million. Thereafter, new management got up to 10 hand-delivered missives from her per day, dropped her from executive committee. "My whole life is tied up in this."



An Wang

Lorraine C. Wang

Wang Laboratories, Inc. Lincoln, Mass. 62. 3 children. An Wang born Shanghai to middle-class family. As he recalls it, "middle class" meant wealth of "maybe $100 American." Emigrated 1945; naturalized 1954. Invented magnetic-core memory, computer essential for 20 years. Founded Wang Labs 1951. First year's sales $15,000; grown 40% to 50% a year since. His shares worth $200 million; those of Lorraine, 62, $120 million; children's, mostly in trusts, $300 million.

Under $200 Million

Max Palevsky

Computers. Los Angeles. 58. Twice divorced, remarried, 4 children. Son of poor immigrant housepainter. Went to work at $100 a week for Bendix 1952, designing computers. Founded Scientific Data Systems 1961 with associates, $1 million from venture capitalist Arthur Rock; sold to Xerox 1969, pocketed $100 million. Remarried twice thereafter, made movies, backed liberal causes, got bored. Started new SDS 1979: some of the same associates, same name. Estimated net worth: approaching $200 million.

Stanley E. Hubbard

Broadcasting. St. Paul. 85. Twice widowed, once divorced, remarried; 3 children, 1 deceased. Started early radio station 1923. Now 5 radio, 3 top TV stations: major privately owned broadcasting group. Son, Stanley S., 49, running business (in his shadow until father suffered serious stroke Nov. 1981). Plans ambitious direct satellite system. Conservative, hard-nosed: "They go through employees the way Henry VIII went through wives." Estimated net worth (denied by son): over $175 million.

John Seward Johnson

Johnson & Johnson. Ft. Pierce, Fla. 87. 3 marriages, 6 children by first two. More than 50 years a vice president in father's Band-Aid company. Wry sense of humor. He retired in 1971, owns 3.5 million shares of stock (recently worth $140 million) and took up the quiet life with youngish 3rd wife at homes in Florida, in Italy, on Bahamian isle, and mansion outside Princeton, N.J. Also active in oceanographic research foundation. Estimated net worth: over $170 million.

David Fasken

Oil. California. 67. Married, no children. As a child emigrated from Canada to Midland, Tex.; tried hand as independent oil producer, did very well. Now, his estimated net worth: at least $170 million. Partially incapacitated by stroke.

William Garrard Reed Sr.

Timber. Seattle. 74. Married, 3 children. Grandfather founded Simpson Timber Co. Became chairman 1945, built to substantial size. Retired suddenly 1971, 2 years early, put son William Jr. in charge of company; left most of his boards. Has given substantial money to research into throat and laryngeal disorders. With family, he still owns 90% of Simpson Timber. Family shares recently worth about $170 million.

Henry Slack McNeil

Pharmaceuticals. Plymouth Meeting, Penna. 65. Married, 4 children. Grandfather opened a drugstore in Philadelphia 1879; it grew, and McNeil's father added manufacturing operation 1914. McNeil became president of McNeil Laboratories in 1955; important national drug company. Civic-minded. Sold out to Johnson & Johnson 1959 for stock now worth about $168 million.

Seymour Durst

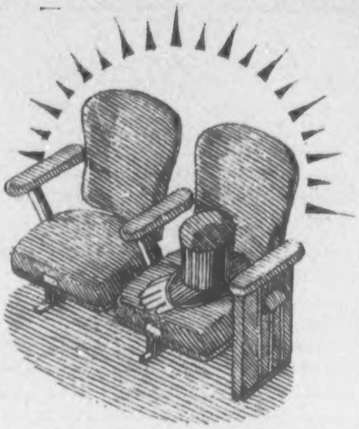
Roy Durst

David Durst

Brothers. Real estate. NYC. Father Joseph started Durst Organization 1915 to oversee handful of tenements. Sons, who moved into midtown Manhattan commercial properties 1940s, follow Seymour's rule: "Never buy farther than you can walk." Own about 100 properties: 3.5 million sq. ft. office space, large assembled blocks of properties in eventual path of Times Square reconstruction plans. Seymour: 66. Widower, 4 children. Considered driving force among brothers, specializes in land assembly; maintains private East Side library on NYC history. Roy: 62. Married, 3 children. Provides management, oversees construction. David: 59. Married, 5 children. Handles building design, leasing operations. Brothers equal partners in approximately $500 million enterprise; sister Alma has passive interest.

Kenneth Harry Olsen

Digital Equipment Corp. Lincoln, Mass. 56. Married, 3 children. Once just a bright circuit designer at MIT's Lincoln Labs; set up shop 1957 in corner of an old American Woolen Co. mill to build small computers for sophisticated users. Organized company to encourage flow of ideas from bottom up; DEC now $3.9 billion leader of $6 billion to $8 billion minicomputer industry he invented. Olsen's shares recently worth about $157 million.



Elbridge Hadley Stuart Jr.

Dwight Lyman Stuart

Brothers. Inheritance. Grandsons of Elbridge A. Stuart, founder Carnation Co. Paid $25,000 for method of making good evaporated milk 1901, sold product personally, six cans at a time when necessary, until accepted in market. Elbridge Jr.: Bellevue, Idaho. 65. Married, 1 son. Rose to v.p. Carnation, quit 1961 over autocratic practices of CEO father, Elbridge Sr., who resigned 1971. Raises cattle, alfalfa; wife (Marion Butler Stuart) noted paleontologist. Dwight: Los Angeles. 58. Remarried, 3 sons by first marriage, 2 by second. Company president 9 years under Chairman & Chief Executive Officer H. Everett Olson (not related to family). Avoids limelight. Their portion family shares: Dwight, about $155 million; Elbridge, over $100 million.

Jane Bancroft Cook

Inheritance. Sarasota, Fla. 70. Widowed 3 times, once divorced, 3 children. Granddaughter of Clarence Barron, who built up *Wall St. Journal, Barron's,* Dow ticker. With brother and sister (both deceased), inherited control Dow Jones & Co. 1949. Director of company since 1951 but little role in operations. Noted for Boston-area philanthropies, otherwise extremely private. Owns or controls 4.1 million Dow Jones shares, worth $155 million.

Ernest Gallo

Julio Gallo

Wines. Modesto, Calif. 73, 72. Both married. Ernest, 2 children; Julio, 2 children. Started 1933 with $5,900; now largest U.S. vintner. Friendly

Julio made the wine; tough Ernest made the profits. Believed to have very substantial investment portfolio. Secretive; considered tough in trade. Estimated joint net worth: upwards of $300 million.

William Alvin Moncrief Sr.
W.A. Moncrief Jr.

Oil. Ft. Worth. 87, 62. Sr. married, 1 child; Jr. married, 4 children. Sr. quit 1928 as v.p. Marlin Oil (later became Conoco) to go out on own. Three years of dry holes, then first find, turning out to be northernmost extension of vast east Texas field, 1931. Investor-partners 1940s, 1950s including Bing Crosby, Bob Hope, Randolph Scott. Jr. (Tex) in business since 1942. Together control international operation, oil and gas reserves estimated at over $300 million.

Kenneth Stanley (Bud) Adams Jr.

Entrepreneur. Houston. 59. Married, 3 children. Part Cherokee. Son of late "Boots" Adams, heavy-handed builder Phillips Petroleum. Ken Jr.'s oil interests minor. He is best known as owner Houston (football) Oilers; most wealth in 15,000-acre Calif. rice and vegetable farm, Texas ranch and farmland. Also owns biggest U.S. Lincoln-Mercury dealership. Prompted old school chum Nelson Bunker Hunt to use famous wiretap "for embezzlers." Estimated net worth: over $150 million.

Miles Collier

Inheritance, investments. Naples, Fla. 35. Single. Grandson of Barron Gift Collier, Memphis-born pioneer streetcar advertising. Used $5 million annual income to buy 1 million acres of southwest Florida early 1920s; state legislature renamed it Collier County. Runs 170,000 mostly undeveloped acres, oil and mineral rights, newspaper, New York venture capital firm, etc., inherited by his branch of family. "I work for aesthetic reasons more than for anything else." Estimated net worth: more than $150 million.

Thomas Mellon Evans

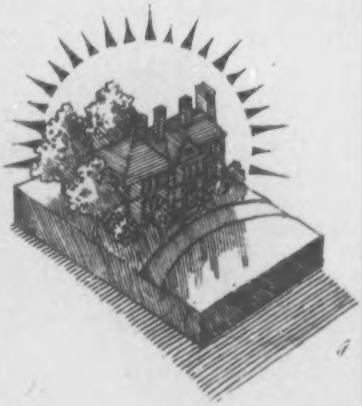
Investments. NYC. 72. 3 children by first marriage. Remarried. As young man, had $15,000 inheritance and a benefactor—W.L. Mellon (father was Mellon ally). Got control H.K. Porter 1937. Reputation: tough. By 1956 ready to found own brokerage firm to save on commissions. Took over Crane Co. 1959 and still chairman. Major holdings alone worth $150 million.

John Wilmer Galbreath
Daniel Mauck Galbreath

Father and son. Real estate. Columbus, Ohio. 85, 54. Father: remarried widower, 2 children by first marriage. Son: married, 3 children. John started as real estate broker, was ruined by Depression; recovered by arranging sales foreclosed property. Then hit on "package deals": Take signed-up corporate tenant, builder, blueprints, property in package to bank for full financing. Son Daniel heir apparent, runs family baseball team (Pittsburgh Pirates; own 99%). Their fortune today worth over $300 million, including $100 million Darby Dan Thoroughbred breeding farm with 6,000-foot runway for visitors' jets.

John Hendrix

Oil. Midland, Tex. 46. Married, 3 daughters. Was a petroleum engineer for Continental Oil Co. "Woke up one day and just felt it was time to leave." Started as independent at age 30, 1966; formed John Hendrix Corp. 1976. Large oil holdings Texas, New Mexico; banks and timber in Arkansas. Estimated net worth exceeds $150 million.



Belton Kleberg Johnson

Ranching. San Antonio and La Pryor, Tex. 52. Married, 3 children. Protégé of uncle, King Ranch patriarch Bob Kleberg, who willed him his boots. Bypassed as successor by family for less dominant personality; in 1976 sold his one-eighth share to family for $70 million cash. Owns 100,000+ acres Texas and California, San Antonio's Hyatt Regency, etc. Estimated net worth: over $150 million.

Carl C. Landegger
George F. Landegger

Brothers. Industrialists. Carl: NYC area. 51. Married, 5 children. George: homes in Europe and Connecticut. 44. With mother co-own father's company, Parsons & Whittemore, world's leading builder and prominent owner of pulp and paper mills. Carl born Vienna; George, London, both naturalized 1946, inherited 1976. For relaxation, new patriarch Carl digs for Inca relics, tramps Amazon jungle. Probable book value of company, if public: over $300 million.

Richard J. O'Neill
Alice O'Neill Avery

Brother and sister. Inheritance, real estate. Grandfather Richard, immigrant Irish cattle-buyer, bought (1882) and managed vast S. Calif. ranch for Comstock Lode millionaire for half-interest. Grandchildren inherited O'Neill Ranch 1943; 11,000 acres sold throughout Seventies, kept 43,000 acres (Rancho Mission Viejo), with developments all around, land is worth perhaps $8,000/acre "if anybody would still want to buy anything that size." Richard: San Juan Capistrano, Calif. 59. Married, no children. A local political power. Alice: West L.A. 65. Divorced, remarried, widowed; 3 sons. Second husband nephew of Sewall Avery, former chairman Montgomery Ward. Shared ranch worth estimated $300+ million.

Grover Connell

Food. Westfield, N.J. 64. Married, 3 children. Took over family business, Connell Rice & Sugar Co., 1950 (sales $10 million). Now largest U.S. broker, trader in rice and sugar (sales $600 million). Also food and machinery exports; leasing. Charges of illegal dealings with Tongsun Park, Korean wheeler-dealer, dismissed 1979 after Park changed testimony. Estimated net worth: over $150 million.

Albert Buckman (Buck) Wharton III

Inheritance. Vernon, Tex. 35. Married, no children. Great-grandson legendary Texas rancher and oilman W.T. Waggoner *(see also Electra Waggoner Biggs)*. Named sole heir his branch of family in court battle 1969 while serving as sergeant in Army. His half Waggoner ranch (510,000 acres, oil) worth estimated $150 million; other assets worth several million.

Gerald Douglas Hines

Real estate. Houston. 56. Married, 2 children. Sold air-conditioning systems 1950s. Real estate sideline became full-time occupation in 1957. Worth $6 million 1966 when managed to win bid to build Shell Oil its 50-story Houston HQ. Later built famed Galleria, etc., went nationwide 1973. Often equity partners involved. Estimated net worth: probably over $150 million.

Fitz Eugene Dixon Jr.

Inheritance. Philadelphia. 59. Married, 2 children. Great-grandfathers: P.A.B. Widener, streetcar magnate, died 1915, worth $100 million; William Elkins, died 1903, worth $30 million. Primary heir to both. Taught 16½ years at Episcopal Academy, his prep school, "the happiest days of my life." Left to tend family fortune 1960. Philanthropic. Recently sold pro basketball 76ers. Estimated net worth: probably over $150 million.

Robert B. Sutton

Oil reseller and producer. Breaux Bridge, La. 49. Divorced, remarried, 4 children. College dropout; worked for Sun Oil. Bought tire store franchise. Personal bankruptcy 1970. Tried oil brokerage; business mushroomed thanks to energy crisis. Accused of selling "old" oil as "new"; acquitted 1982. Estimated net worth: probably still over $150 million, though oil resale business dropping.

Charles Robert Allen Jr.

Herbert Allen

Herbert Anthony Allen

Stock market, real estate. NYC. Charlie: 79. Twice divorced; 3 children by first marriage. Brother Herbert: 74. Widowed, remarried; one son. Herb Jr.: 42. Divorced, 4 children. Charlie may be canniest investor of all time (but see also Warren Buffett). Wall St. runner at 15; set up as bond trader 1923, with $1,000, desk, phone. Brought in brothers, including Herb, 1928. Made $1 million by 1929, lost it in Crash. Herbert (now retired; in oil, horses) instrumental in rescuing firm with Depression bond trades. Since 1930s, endless series Charlie's spectacular stock deals with hundredfold profits. Firm's entrepreneurial style unusual even for Wall Street. Staffers pay own expenses, must take a piece of every venture they convince Allens to back. Charlie's biggest coup: Bought $1 million Syntex 1958, sold $58 million, still owns $50 million. "A feeling, backed with common sense. I never buy anything without that feeling." In Irvine Ranch deal (12%). Herb Jr. joined 1964. Profits from best-known deals alone exceed $300 million; *many* less known.

Armand Hammer

Entrepreneur. Los Angeles, NYC, Moscow. 84. Twice divorced, remarried, 1 son. Trained as physician. Soon began trading U.S. grain for U.S.S.R. fur and gems 1920, made pencils for Lenin 1925; bought "worthless" Soviet notes Stalin paid off at face value; successful U.S. business career 1940s, 1950s; built Occidental Petroleum into giant based on Libyan oil 1960s; more recently presided over major diversification into coal, meat packing. Art held in West worth over $50 million; more held in Russia. Estimated net worth: over $150 million.

Robert A. Hefner III

Natural gas. Oklahoma City. 47. Widowed, 3 children. Grandson of Robert E. Hefner ("The Judge"), Oklahoma City. Studied geology, founded private GHK Co. 1967, thought deep gas could be profitable. Drills deepest gas wells in the world (35,000 feet). Interests in 275 such wells. Reportedly salvaged $30 million loan from Penn Square bank days before collapse. Stylish: "more apt to fly to Paris than Vegas for the weekend." Estimated net worth: at least $150 million.

Floyd Roger Hardesty

Builder. Tulsa. 44. Married, 2 children. Rural carpenter's son; left school to marry at 15, do construction work. Borrowed $75,000 1958 to build houses; switched to apartments, shopping centers 1960s. Formula: build simple and cheap "for the masses," and *fast*: 6 months, *vs.* usual 18–24; pay piecework and incentive scales. 6'4", 240 lbs., flies own Boeing 727; no one tries to take his 6-carat diamond ring. His estimate of Hardesty Co. net worth: $106 million. Partnership interests may put his total net worth over $150 million.

Morton Blaustein

Ruth B. Rosenberg

Henry A. Rosenberg Jr.

Inheritance. Baltimore. Morton: 55. Married, 2 daughters. Aunt Ruth: 83. Her son Henry: 52. Married, 3 sons. Ancestors invented gasoline pump, founded Amoco, merged into Standard of Indiana for 5¼ million shares 1954. Henry runs 49%-

owned Crown Central Petroleum. Substantial real estate, oil tankers, bank stock, etc. Numerous philanthropies. Share fortune substantially greater than $400 million.

Electra Waggoner Biggs

Inheritance. Vernon, Tex. 63. Widowed, 2 daughters. Granddaughter of legendary north Texas rancher, early oilman W.T. Waggoner. He accumulated 510,000 acres. ("I don't want to buy all the land in Texas; just the land that's adjacent to mine.") Drilling for water, hit fabulous Electra oil field 1911. Died 1934. Her half of Waggoner ranch worth estimated $150 million. Accomplished sculptress. *(See also Albert Wharton.)*

James R. Cargill

Margaret Cargill

Brother and sister. Cargill, Inc. Grandchildren of William W. Cargill (d. 1909), founder of grain-trading giant Cargill Inc. *(see Cargill-MacMillan family).* James: Minneapolis. 59. Married, 3 children. Joined company 1947, rose to vice president 1963. Has office in company headquarters, but said to work mainly on own business affairs. Margaret: La Jolla, Calif. 62. Unmarried. Little known. Said together to own their family branch's 21% Cargill stock, worth estimated $300 million.

Roy Edward Disney

Walt Disney Productions, broadcasting. Los Angeles. 52. Married, 4 children. Nephew of late Walt Disney. Father Roy O. (d. 1971) was the quiet business manager. Roy E. left company 1976 after losing power struggle with Walt's son-in-law Ron Miller (now CEO). "Walt would have been fed up by now with all those boring little kids solving mysteries." Still director; holds 4.96% of shares. Owns production studio; TV, radio stations as Shamrock Broadcasting. Estimated net worth: approximately $150 million.

William Stamps Farish III

Inheritance. Houston. 43. Married, 4 children. Grandson, namesake of cofounder Humble Oil, now big part of Exxon. Principal heir of family fortune based on Exxon stock; other assets including Thoroughbred farms Ky., Tex. worth est. $30 million; also founded number of natural resources cos. Net worth many times that. Guesstimates between $100 million and $200 million. (Guest at wedding of a Farish and a du Pont: "This is the first time a du Pont ever married for money.")

Ben Hill Griffin Jr.

Citrus grower. Avon Park, Fla. 71. Married, 5 children, 1 stepchild. Father was small citrus grower: "I didn't know there was any business but citrus." Started 1933 with wedding gift: 10-acre grove. Added acres when he could: "It always seemed like times were pretty tough because I was so stretched out." Now owns 10,000 acres, packing plants, ranches, etc.; Ben III active in business. Estimated net worth: approximately $150 million.

John W. Mecom Jr.

Inheritance, oil. Houston. 42. Married, 4 children. Father started 1936 with borrowed $700, drilled oilfields abandoned by others. By 1960s, $250 million empire; overextended; in bankruptcy 1970-71, emerged with 70% of assets. Sr. died 1981. Jr. owned New Orleans Saints from 1967; now Houston watches how well he does in oil and real estate. Estimated net worth: about $150 million.

Yoko Ono

Inheritance. NYC. 49. Divorced, widowed, 2 children. Born to banker in Tokyo, moved to Scarsdale 1951, attended Sarah Lawrence. Married Beatle John Lennon 1969. Ran Lennon business empire: houses, cattle, music companies, copyrights, etc.; he became world's richest househusband. Tells reporters she bases decisions on astrology, deliberately never smiles in public. Lennon fortune estimated at $150 million.

E. Claiborne Robins

A.H. Robins Co. Richmond, Va. 72. Married, 3 children. Joined family business 1933 (sales, $4,800). Emphasized low-key, friendly touch to detail men selling to drugstores; company developed Robitussin, bought Chap Stick and Sergeant's pet products. Sales now over $456 million, 75% prescription drugs. Stock collapsed 1974 after serious FDA charges, product withdrawn voluntarily, stock still low. With family, his shares worth about $150 million.

Robert Shelton

Ranching. Kerrville, Tex. 46. Married, 8 children. With half-brother Belton Kleberg Johnson, sold out his 14% share in King Ranch 1978 after outvoted in family succession parley. Took land, other assets instead of cash, retained 11.2% interest in oil royalties. Land of own in Tex., Fla., Mont. Estimated net worth: approximately $150 million.

Clayton Williams Jr.

Oil. Midland, Tex. 50. Married, 5 children. In 1967 a $10,000/year insurance salesman "until I sold to all my friends and relatives and had to get another job." Switched to oil. In 1976 pioneered Austin Chalk play, went out on far end of financial limb, leased 330,000 acres; 100% success rate. Still leveraged: $600 million assets, $400-million-to-$500-million bank debt. "I am a warrior!"

Mortimer B. Zuckerman

Real estate. Boston. 44. Single. Bought venerable, ailing *Atlantic Monthly* in 1980. Harvard law degree; made first $5 million working for Cabot, Cabot & Forbes. Sharp mind. ("You and I own calculators, right? Mort doesn't.") On own since 1970. Has over 5 million square feet of space built, 7.5 million building, suburban Boston, Washington, Los Angeles. Estimated net worth: $150 million.

Max Martin Fisher

Refiner. Detroit. 75. Married, 5 children. Penniless immigrant's son who personally bankrolled Israeli petrochemical industry in 1950s. Founded refiner of low-grade crude 1932; sold 1959 for Marathon Oil stock (lately about $100 million). Heavy real estate investor; key backer Detroit Renaissance Center. Gives one-half annual income to charity. Estimated net worth: perhaps $150 million.

Charles A. Vose Sr.

Charles A. Vose Jr.

Banking. Oklahoma City. 81, 38. Charles Sr. was small-town banker who grew with Okla. City. Family took control state's largest bank, First Oklahoma Bancorp, 1945, holds 25%. With son Charles Jr. (CEO), built fortune as financer of, sometimes controlling, numerous small banks. Latter recently acquired nearly half Fourth National Corp., Tulsa. Also real estate. Avoids the press. With Ed Gaylord *(which see)* and Sylvan Goldman *(which see)*, the power triumvirate of Okla. City. Share fortune estimated near $300 million.

Robert W. Galvin

Motorola. Barrington, Ill. 59. Married, 4 children. Father founded Motorola 1928 on $565, made car radios. Only son, groomed from childhood, became chairman 1959. Expanded company enormously, became leading producer microprocessors 1970s. Controls stock worth some $147 million.

Robert Vesco

Fugitive. Caribbean area. In 1972, consultant for Bernie Cornfeld's IOS, Ltd.; disappeared with $224 million; invested it in Panamanian and Costa Rican corporations. Lived in Costa Rica, then Bahamas, now man without a country, believed living on yacht. Big unknown: How much did it take to bribe 2 countries? Said to have guided missiles on yacht. Estimated net worth: still far in excess of $100 million.

Josephine E. Abercrombie

Inheritance. Houston. 55. 5 divorces. Daughter of J.S. Abercrombie (oilman; inventor blowout preventer). Owns 8.3% Cameron Iron Works. Has ranch south Tex., oil operation, 95 acres Houston area. Net worth well over $100 million.

Doris Jones Stein

Inheritance. Los Angeles. 80. Widowed, 2 daughters; 2 sons by first marriage. Late husband, Jules Stein, former ophthalmologist who founded MCA, Inc. 1924. Prompted his philanthropies for eye research; is board member Jules Stein Eye Institute. Collects English antiques. On Stein's death 1981, inherited bulk of his $150 million estate.

Frank Batten

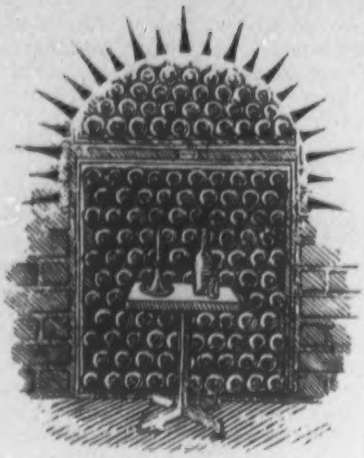
Newspapers, TV, cable. Norfolk, Va. 55. Married, 3 children. Landmark Communications built up by uncle, S.L. Slover, from 1900. Batten's father died early, so Frank brought up by Slover. Took over company 1954 at age 27; reshaped; began aggressive expansion 1963. Heavy emphasis on cable, now 25% of revenues (est. total 1982: $225 million). Estimated net worth, including trusts for relatives: at least $140 million.

John Werner Kluge

Broadcaster, salesman. NYC area. 67. Married, 2 children. German-born; moved with American stepfather to Detroit 1922. Put self through Columbia ('37). Known for 20-hour workdays. Began Washington, D.C. radio station 1946; distributed Fritos, silver polish; bought real estate. Other ventures. Bought control DuMont Broadcasting 1958; now called Metromedia, Inc. Estimated net worth: $140 million.

William S. Paley

Broadcasting. NYC. 80. Widower, once divorced, 4 children, 2 stepchildren. Started wealthy from father's cigar company. Bought control of failing radio network 1928, now CBS. His stock: $90 million. Art collection said to be worth tens of millions; his investments run by personal staff in "Black Rock" (CBS headquarters). Estimated net worth: $140 million.



Nathan Cummings

Industrialist. NYC. 85. Once widowed, once divorced, 3 children. Built Consolidated Foods from $16 million sales 1939; bought General Dynamics stock 1960s with Henry Crown at around $10: after splits, those shares now worth about $135 each. Impressionists, Postimpressionists, once bought by square foot, worth many millions. At 80, threw Waldorf-Astoria birthday party for 635; Bob Hope starred. At 85, ill, gave $5 million to Sloan-Kettering instead. Estimated net worth: well over $100 million.

Dominique de Menil

Inheritance. Houston. 74. Widowed, 5 children. Heiress-daughter of Conrad Schlumberger, cofounder Schlumberger, Ltd. Moved to Texas 1941 with husband, Jean (son of French baron; Schlumberger chairman 1967-70). Naturalized 1962. Family has steadily sold shares, diversified over many years; her collection of surrealist art is valued in excess of $50 million. Noted philanthropist; building a museum for her collection to bequeath to Houston. Estimated net worth: well over $100 million.

Clarence Douglas Dillon

Investments. Far Hills, N.J. 73. Widowed, 2 children. Father was son of Polish immigrant, took grandmother's maiden name, became leader of

1920s Wall St. establishment as Dillon, Read & Co. C. Douglas: distinguished public service (Sec. Treasury 1961-65; chairman Met. Mus. of Art, NYC). Sold Dillon, Read 1981 for $18 million. Dillon's net worth, with family, including Chateau Haut-Brion (France): well over $100 million.

Howard Vollum

Tektronix, Inc. Portland, Ore. 69. Married, 4 children. After WWII went to work in radio and appliance shop; designed better, cheaper oscilloscope in back room. Started business 1946, stayed better and cheaper. Now $1 billion-plus revenues, 10% net margins, 800-product line of oscilloscopes and related. His 3.6 million shares recently around $135 million.

James Emmett Evans

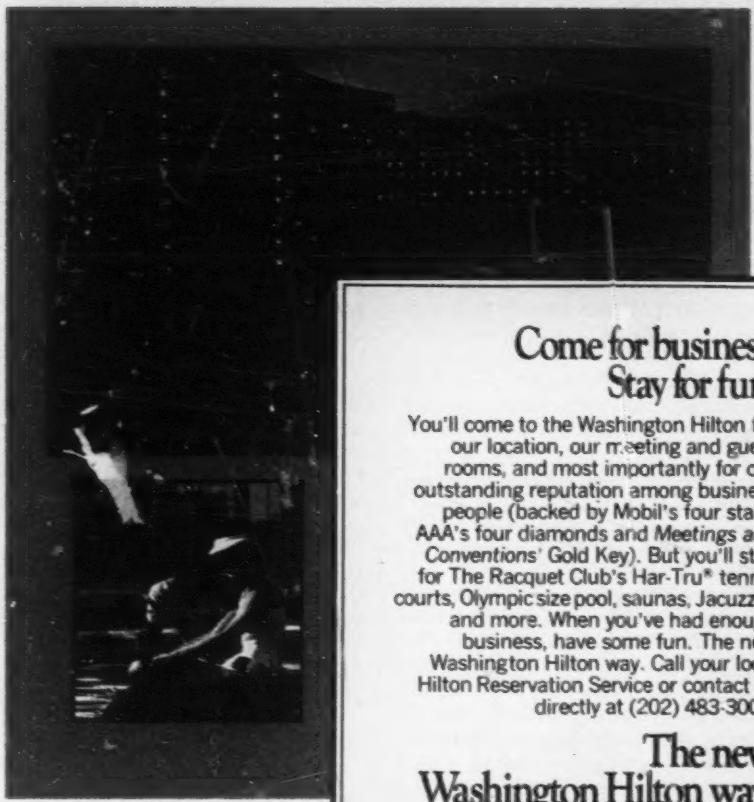
Oranges. Dade City, Fla. 82. Married, 1 son, 1 daughter. Saved money from his Ford car dealership, bought 20-acre orange grove 1920. Expanded to over 17,000 acres orange groves, 4,000 in grapefruit, in 7 Florida counties. "I'm proudest of my wealth." Maintains low profile; nearly deaf. Estimated net worth: about $135 million.

Kirk Kerkorian

Trader. Las Vegas. 65. Twice married, once divorced, 2 children. Bought, sold $100 junk cars 1930s, $10,000-to-$100,000 DC-3s after WWII; built airline to support his trading, sold to Transamerica 1968 for $104 million. Broke even buying, selling Western Airlines 1970s. Big profit in Columbia Pictures 1981. Owns majority both MGMs. Despite MGM price collapse, net worth around $133 million: "Cash reserve to carry through bad times. That's about as important as good management."

Tom E. Turner

Sigmor Corp. San Antonio. 68. Married, 2 children. Pumped gas nights for $10/week in Depression; borrowed $350 to open first gas station 1943. Built chain Texas, La.; began integrating outward 1955: acquired suppliers, gasoline trucks, radio stations (advertising); diversified to pipe and tubing 1971. Sold out to Diamond Shamrock this year $17.50/share. His, wife's 9.5 million shares should go for $133 million.



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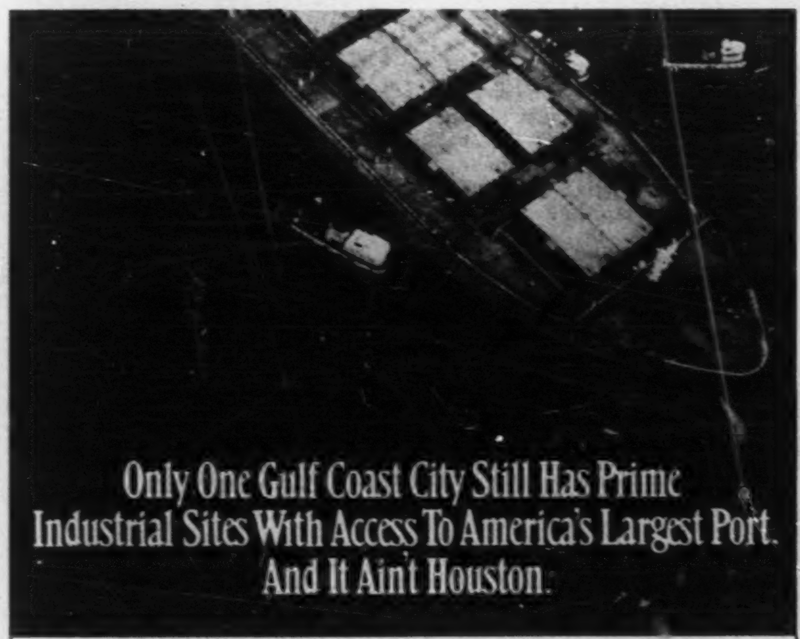

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The Forbes Four Hundred

Carl H. Lindner II

Banking, insurance. Cincinnati. 63. Married, 3 sons. Started small milk store 1940. Built chain using high leverage. Entered savings and loan business 1950s as American Financial Corp. using high leverage; casualty insurance 1971 using high leverage. Went private 1981 using high leverage. Now AFC assets $4 billion. Says shareholder's equity $132 million.

Catherine Mellon Conover

Inheritance. Washington, D.C. 46. Twice divorced, 3 children by first marriage. Received $100 million in trusts from father Paul, grandfather Andrew Mellon. First husband, John Warner, now also separated from Elizabeth Taylor. Legally changed name to mother's maiden name after second divorce. Estimated net worth, assuming trusts stayed even with inflation: over $130 million.

Wilhelmina du Pont Ross

Mrs. Donald Peabody Ross. Inheritance. Greenville, Del. 76. Widowed, 3 children. Niece of Pierre Samuel *(see Pierre S. du Pont family)*; received 4% share when he distributed his wealth 1924. Husband in family partnership to found Delaware Park racetrack, 1937. Hobbies: gardening, breeding of horses and hunting dogs. Estimated net worth: above $130 million.

Robert Winship Woodruff

Coca-Cola. Atlanta. 92. Widower, no children. Left college, bored, at 20; rose to v.p. at White Motor, started buying Coke stock as investment. Father formed syndicate to buy Coca-Cola in 1919. Became president Coca-Cola at 33. "I want everyone associated with Coca-Cola to make money." "Retired" 1955. With $500 million in foundations, still owns 3.5 million shares worth $130 million, other assets.

Roy Hampton Park

Newspapers, broadcasting. Ithaca, N.Y. 71. Married, 2 children. Farm boy who worked way through N. C. State. Cofounded Duncan Hines cake-mix business, merged into Procter & Gamble 1956. Started Park Broadcasting, Inc. 1962: now a chain of radio stations, TV stations, local newspapers worth estimated $130 million. Noted for determination; lifelong workaholic.

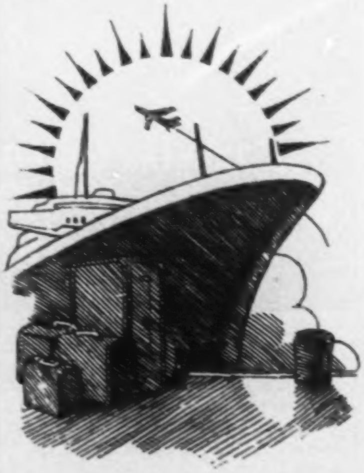
Generoso Paul Pope Jr.

National Enquirer. South Palm Beach, Fla. 55. Widowed once, divorced once, remarried, 6 children. Edited *Il Progresso Italo-Americano*, worked for CIA, quit, bought *Enquirer* 1952 for $75,000: circ. 17,000. "Beefed up" editorial content. Circulation zoomed 1970s after switch to "uplift," big marketing push to supermarket chains. Today, circulation 5.5 million; value estimated at $130 million.

Sigfried Weis

Robert F. Weis

Weis Markets, Inc. Sigfried: Lewisburg, Penna. 66. Robert: Sunbury, Penna. 63. Cousins. Both married, each 3 children. Their fathers started little corner grocery 1912. Now 111 supermarkets, mostly in depressed central Penna.; margins are more than twice industry average. Secret: careful controls on cost, quality and *especially* vendor and employee "shrinkage." Mild-mannered Sigfried, president, collects antiques, has shares worth about $130 million; behind-the-scenes Robert, v.p. and treas., has shares worth about $100 million.



Saul Phillip Steinberg

Leasco; Reliance Group Holdings. NYC. 43. Divorced once, separated once, 4 children. Founded Leasco 1961; commenced career wheeling and dealing, stepping on toes. Attempt to take over Chemical Bank failed 1969. Acquired Reliance Insurance 1968. At prices offered when he took both private in 1982, his shares (with immediate family) worth about $130 million.

Ernest H. Cockrell

Oil. Houston. 37. Married, 2 sons. Grandfather bought cheap oil leases south Louisiana; "real lucky or real smart." Father ran company till his death 1972. Took 6 years to settle estate, get company from executor. Ernie took over 1978, has made several "nice" discoveries since. Estimated net worth: about $130 million, mostly Louisiana gas.

Irénée du Pont Jr.

Irene Sophie du Pont May

Margaretta Lammot du Pont Greenewalt

Constance Simons du Pont Darden

Eleanor Francis du Pont Rust

Marianna du Pont Silliman

Octavia Mary du Pont Bredin

Lucile Evelina du Pont Flint

Brother and sisters. Inheritance. Children of Irénée Sr. (d. 1963), president Du Pont Co. 1919-26, played major role in building company *(see Pierre S. du Pont family)*. Irénée Jr.: Christiana Hundred, Del. 62. Married, 6 children. Retired as senior v.p. Du Pont Co. 1978—"I as a stockholder would have objected to me as president." Helps oversee family trusts, foundations. Irene Sophie (Mrs. Ernest May): Wilmington, Del. 82. Married, 4 children. Husband considered family radical (supported Castro), as coexecutor fought family's effort to reduce tax on Irénée Sr.'s estate. Margaretta (Mrs. Crawford H. Greenewalt): Greenville, Del. 80. Married, 3 children. Husband most successful du Pont in-law—Du Pont Co. president

1948-62, present with Fermi at first controlled nuclear reaction in Chicago 1942. Constance (Mrs. Colgate W. Darden Jr.): Norfolk, Va. 78. Widowed, 2 children. Husband (d. 1981) governor of Va. 1942-46, as pres. of U. of Va. tried to abolish fraternity system on campus. Eleanor (Mrs. Phillip Gordon Rust): Thomasville, Ga. 75. Married, 4 children. Marianna (Mrs. Henry H. Silliman): Montchanin, Del. 71. Married, 6 children. Husband v.p. at family's brokerage firm, active in family's small mutual funds. Octavia (Mrs. John Bruce Bredin): Greenville, Del. 69. Married, 6 children. Husband director of family bank (Wilmington Trust), active in other Del. business interests. Lucile (Mrs. Robert B. Flint): Greenville, Del. 66. Married, 5 children. She has sat on board of a family foundation. Observer: "All Irénée's daughters ever did was marry." All eight share roughly equally in father's fortune left in trusts, etc.; total net worth probably exceeds $1 billion.

John Eleuthère du Pont

Jean Ellen du Pont Sheehan

Evelyn Rebecca du Pont

William du Pont III

Brother and sisters. William III half-brother. Inheritance. Children of William Jr. (d. 1965), who was grandson of Henry (Boss) du Pont (d. 1889), organizer original Gunpowder Trade Assn. 1872. John: Newtown Square, Penna. 43. Unmarried, lives with mother. Intense private athlete. "I run in the woods a lot or swim underwater; it's a great way to avoid people." Near-world-class in pentathlon. Noted scholar (founded Delaware Mus. Nat. Hist., gave it personal collection 250,000 seashells, then world's largest in private hands). Jean (Mrs. William Mason Sheehan): Coral Gables, Fla. 59. 3 marriages, 2 divorces; 4 children by second husband. Horsewoman. Said to resent naming of second husband instead of herself to run father's bank, Delaware Trust. Evelyn: 57. Divorced, remarried. Has stayed out of public view since helping auction late father's furniture. William III: El Paso, Tex. 30. Unmarried. Son of 1940s tennis star Margaret Osborne. Owns stud farm in Ky. and part-interest in *Thoroughbred Record,* weekly trade magazine. Father left $50 million to each of 5 children; if kept even with inflation should be over $125 million now (fifth child, William Henry, who changed name to Henry E.I. in 1973 and is full brother to John and sisters, has suffered severe business losses, believed worth much less).

Gordon E. Moore

Intel Corp. Santa Clara, Calif. 53. Married, 2 children. As newly-minted Caltech Ph.D, recruited by William Shockley, coinventor of transistor, to join Shockley Semiconductor 1956. Left 1957 to cofound Fairchild Semiconductor. Started Intel 1968 with approximately $2 million backing, introduced silicon-gate metal oxide semiconductor, the basic chip technology. Estimated net worth: more than $125 million.

Robert Staples Howard

Newspapers. Rancho Santa Fe, Calif. 57. Married, 4 children. Started on hometown (Minn.) weekly, bounced from paper to paper, state to state after WWII. Howard Publications bought first paper, *Casper* (Wyo.) *Star-Tribune,* 1961. Now has 18 dailies, circ. 410,000; TV station; getting into cable. Estimated net worth: over $125 million.

Helen Kinney Copley

Newspapers. San Diego. 59. Widowed, 1 son. 13 years as secretary to news magnate James S. Copley, who married her 1965. Out of limelight until his death 1973. Realized Copley papers poorly managed, run as political forum (right wing). She sold unwanted properties, chopped away thick bureaucracy, improved editorial content. Her 90% interest, other assets, now probably worth over $125 million.

Samuel Gary

Oil. Denver. 55. Married, 2 children. In 1967 picked up leases on 40,000 acres "everyone" knew had no oil. Drilled 35 dry holes; financed by whittling interest to 30%. On 36th try, hit pool with at least 110 million bbls. His share of remaining reserves worth over $125 million. Gary Operating Co. in forefront of enhanced recovery techniques.

Harvey R. (Bum) Bright

Oil, trucking. Dallas. 61. Widower, remarried, 4 children by first marriage. Moved to Texas from Okla.

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1928; started as wildcatter; recently bought out longtime partner. Also recently sold his East Texas Motor Freight (rev. $200 million): "I'm mainly in the oil business now." Estimated net worth: more than $125 million.

Estée Lauder

Joseph Lauder

Leonard Lauder

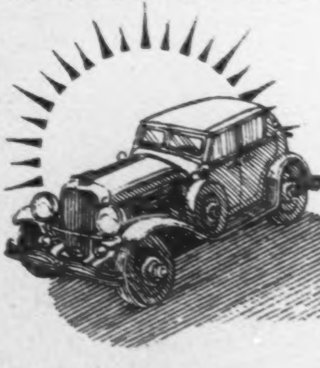
Ronald Lauder

Cosmetics. NYC. Operate Estée Lauder, Inc., 3rd-largest U.S. cosmetics and perfume company (estimated revenues about $1 billion). Estée: "no specified side of 70." Uncanny sense of fragrances; in tune with whims of high-priced cosmetics market. "Blue Lady" (her color) now reigning doyenne of cosmetics. Husband Joseph: late 70s. Cofounder 1946 with wife: "In those days I was the [cosmetics] mixer." Still runs company factories. Son Leonard: 49. Married, 2 children. Pres. since 1972 and recently named CEO. "Our ads have not changed in 20 years; they haven't had to." Son Ronald: 38, Married. Family company's executive vice president; supervises rapidly expanding, if less profitable, overseas operations: "We are laying the basis for the next 20 years." All four share ownership, control of company worth more than $500 million.

William Lee Lyons Brown Jr.

Owsley Brown Frazier

Cousins. Bourbon. Louisville, Ky. Great-grandchildren George Garvin Brown, founder Brown-Forman Distilleries (Jack Daniels, Early Times) 1870 to make medicinal whiskey. Company stayed with premium products. Six family members in company, also numerous relatives of other employees: "If a man is hardworking, loyal and bright, chances are his son will be." William: 46. Married, 3 children. Joined company 1959, CEO since 1975. Owsley: 47. Married, 3 daughters. Joined 1955; sr. v.p. since 1968. William controls estimated $125 million, Owsley $93 million of family shares; value of which exceeds $332 million.



John Earl Fetzer

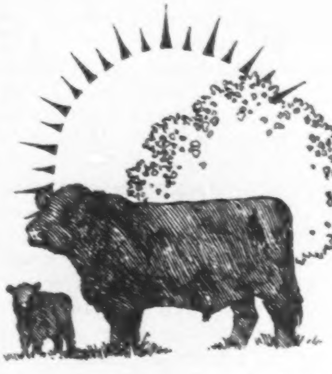
Broadcasting, baseball. Kalamazoo. 81. Married, no children. Early ham operator, saw possibilities when correspondent ham put phonograph music on air. First station 1920; traded air time for groceries during Depression. Bought 100% Detroit Tigers 1962. Currently 4 radio, 4 TV stations, 2 cable systems (one with Time Inc.), Muzak franchise for Michigan except Detroit. Student Buddhist philosophy: "I don't own anything, my possessions all own me." Estimated net worth: $125 million.

David William Grainger

Motor distributor. Skokie, Ill. 54. Married, 3 children. Father, W.W. Grainger, now 87, founded W.W. Grainger, Inc. 1927, on $6,000 borrowed from wife. Puts out *MotorBook* catalog, published from 1927, a household word among contractors, small manufacturers, etc. "The consumer shouldn't know the Grainger name." Family stock worth some $123 million.

Charles S. Payson

Entrepreneur; inheritance. Portland, Me. 83. Widowed, remarried, 5 children (1 deceased). Got $3 million from first father-in-law, William Payne Whitney, obtained patent on stainless steel 1927. Merged company into, was longtime director of, Armco Steel. Also owned sugar plantations Jamaica and Cuba, later sold; other interests. Lately horse breeding, cattle. Has one-third interest in trust from estate of first wife, Joan Whitney Payson (owned baseball Mets; d. 1975). Hunts quail every weekend Nov.-Feb., said to be crack shot. Estimated net worth: over $120 million.



Jack M. Berry Sr.

Oranges. Winter Haven, Fla. 65. Married, 3 children. Left Tennessee for NYC, became wealthy fruit broker. In 1950s supermarkets bypassed brokers; he decided money was in growing. Gambled on south Fla. (soil supposedly too wet for orange trees); in 1960s planted 600,000 on 6,000 acres. Now has about 14,000 acres, own concentrate plant. Estimated net worth exceeds $120 million.

Howard Phipps Jr.

Inheritance. Westbury, N.Y. 48. Married, 3 children. Grandson of 19th-century steel magnate Henry Phipps *(see Phipps family)*. Lives quietly; represents his branch of family on Bessemer Trust board; active in NYC cultural world. His interest in Phipps' family Bessemer fortune approximates $120 million.

Katharine Graham

Washington Post Co. Washington, D.C. 65. Widow, 4 children. Father Eugene Meyer, Wall Street banker, bought *Post* at bankruptcy 1933; she and husband took over 1948. Since his death, has run company. Now son Donald is *Post* publisher. Family stock holdings alone exceed $100 million; she controls majority of Post Co. voting stock.

W. Duncan MacMillan

John Hugh MacMillan III

Marion MacMillan Pictet

Brothers and sister. Cargill, Inc. Children of John Jr., ran Cargill 1936-60; died 1960. Duncan: Wayzata, Minn. 52. Married, 4 children. Has long run Waycrosse, Inc., Cargill-MacMillan family's *(which see)* private investment firm; Cargill director. Hugh: Ft. Lauderdale, Fla. 54, married, 6 children. Lives quietly; not active. Marnie (Mrs. Pictet): Geneva, Switz. 49. Divorced, remarried; 2 children, 1 deceased. Out of the country most of the time. Share their family branch's approximately 33% of Cargill stock, worth estimated $350 million.

Lew R. Wasserman

MCA, Inc. Beverly Hills & Palm Springs. 69. Married, 1 daughter. Went to work for MCA founder Jules Stein 1935; quickly became top agent. Rose to president 1946. "In those days agents wore plaid suits and purple shirts. I changed all that to gray flannel." Has run "The Machine" ever since. Noted for philanthropy. His 1.9 million shares worth over $115 million.

Joseph A. Albertson

Supermarkets. Boise, Idaho. 75. Married, 1 daughter. Opened Boise grocery 1939 with $5,000 life savings, borrowed $7,500. Developed into Albertson's, ninth-largest U.S. supermarket chain (1981 revenues, $3.5 billion): "You have to be a consumerist." One experiment: Blew fresh-baked bread smell through store to stimulate buyers. Estimated net worth: $115 million.

Mel Swig

Richard Swig

Richard Dinner

Brothers and brother-in-law. Real estate. San Francisco. Sons, son-in-law of Ben Swig, who operated in Boston while partner Jack Weiler operated in NYC *(see below)*; moved to San Francisco 1946; bought commercial property, developed exclusive 4-hotel Fairmont chain. Split 50-50 with Weiler, except hotels (Weilers recently sold). Died 1980. Mel: 65. Married. Heads real estate operations; once owned predecessor of Minnesota North Stars. Richard: 57. Married. Runs hotels. Brother-in-law Richard Dinner: 61. Widower. Partner in insurance firm; participates in management other businesses. All share equally in fortune estimated at well over $300 million.

Jack D. Weiler

Alan Weiler

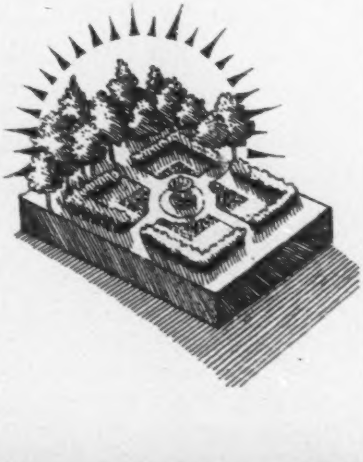
Robert H. Arnow

Father, son and son-in-law. NYC. Real estate. Jack: 77. Married, 2 children. Operated in NYC while partner Ben Swig *(see above)* operated in Boston. Top lease locator, broker for big retail chains 1940s, 1950s. Acquired commercial properties mostly NYC, also Houston, Cincinnati, etc. Former chairman United Jewish Appeal; all property said to be in names of children. Son-in-law Robert: 59. Married, 3 children. Cousin of Swigs. Also chaired UJA; most visible member otherwise reticent family. Alan: 46. Married, 3 children. Attorney. Said to be brains of outfit now. Family recently sold half interest Fairmont Hotels for estimated $150 million. Share fortune estimated at well over $300 million.

Fred C. Trump

Donald John Trump

Father & son. Real estate. NYC. Fred: 76. Married, 5 children. Donald: 35. Married, 2 children. Fred, self-made, built 20,000 apartments in NYC's Brooklyn, Queens. Donald joined business 1968, took over Manhattan business 1976. Pulled strings: Won right to develop new convention center; got biggest tax abatement ever for Grand Central Hyatt hotel. Consummate self-promoter. Building Trump Tower, next to Tiffany's. Angling for Atlantic City casino. "Man is the most vicious of all animals, and life is a series of battles ending in victory or defeat." Share fortune estimated at over $200 million. Donald claims $500 million.



William Barron Hilton

Hilton Hotels. Los Angeles. 55. Married, 8 children. College dropout. Turned down first job offer from father because salary too low. Proved self with small business ventures; hired 1954. Became president 1966. Founded San Diego football Chargers 1960. On death of Conrad Hilton 1979 inherited option to buy 6.8 million shares Hilton Hotels on installment note. Estimated net worth, including present value of arrangement: about $115 million. Will being contested by half-sister Constance, daughter of Zsa Zsa Gabor.

Marshall Field V

Frederick W. (Ted) Field

Half-brothers. Inheritance, media. Sons by different marriages of Marshall IV, who built Field Enterprises, one of largest U.S. media companies (Marshall Field dept. store sold long ago by family); owns Chicago *Sun-Times*, UHF TV stations, et al. Marshall: Chicago. 41. Divorced, remarried; 4 children. Acts as chairman Field Enterprises. Ted: Newport Beach, Calif. 30. Married, 1 child. Company director, but works mainly on own projects making movies, trading in commodities, racing. "Field Enterprises is Marshall's territory, and I respect his abilities." Share voting control (sisters have nonvoting interests) of company worth well over $200 million.

Franklin Nelson Groves

Heavy construction. Wayzata, Minn. 51. Married, 3 children. Grandfather started taking farm horses into town after harvest for construction work 1905. Father bought out 2 brothers, switched to highway construction as S.J. Groves & Sons. Franklin took over 1969. Since oil embargo pushed diversification: dams, condos, sewage plants; also construction insurance, auto dealerships, Thoroughbred horses. Estimated net worth exceeds $115 million.

The Forbes Four Hundred

F. Howard Walsh

Oil. Ft. Worth & Colorado Springs. 69. Married, 5 children. Owns spread on west edge of Ft. Worth; in oil business since 1942. Operates as Walsh & Watts; Bought out Watts late 1960s. Has son in business. Our best estimate oil reserves Texas, elsewhere: $115 million.

Charles H. Dyson

Conglomerator. NYC. 73. Married, 4 children. Accountant, left Textron 1949 because he felt not diversifying fast enough; teamed up with Franklin H. Kissner 1956. Dyson-Kissner Corp. built conglomerate Wallace-Murray, sold it 1981. Also interests Esterline, other companies. Estimated net worth: at least $115 million.

William Clay Ford

Ford Motor Co. Grosse Pointe, Mich. 57. Married, 4 children. Younger brother of Henry Ford II. Divides time between family company, Detroit Lions (bought for mere $6 million 1961), personal 36-hole golf course Florida. For 6 days, Eugene McCarthy's running mate for presidency 1976. Wife is Martha Firestone. Estimated net worth: over $100 million.

Jeno F. Paulucci

Food processing. Duluth, Minn. 64. Married, 3 children. Son of poor Italian immigrants; borrowed $2,500 in 1946 to make canned Chinese food. Proved brilliant promoter; sold Chun King 1966 for $63 million. Set up Jeno's, 100%-owned maker frozen pizza, snacks 1967; bought mutual fund management company to handle investments. Estimated net worth, including in children's names: at least $110 million, plus extensive Florida landholdings.

Thomas Jordan

Oil. Healdsburg, Calif. 47. Married, 3 children. Geologist and lawyer by training, founded Trend Exploration Ltd. in native Denver 1966. Explored for oil U.S., Canada, Europe, SE Asia; huge success in Indonesia. Sold company for $110 million in 1974. Moved to Sonoma County, put $15 million into winery, seeking to produce "elegance of a fine Bordeaux" in Calif. Expert opinion says he has. Also runs Jordan Oil & Gas Co. on side. Estimated net worth: at least $110 million.

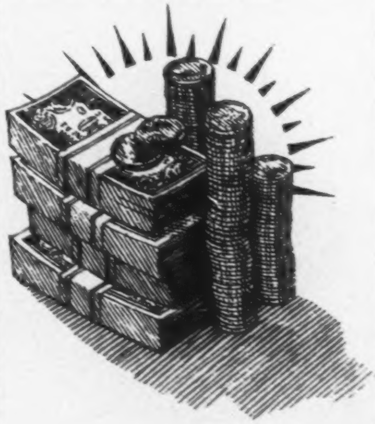
Paul Block Jr.

William Block

Brothers. Newspapers. Father built newspaper chain 1900-29; had to sell most of it in Depression. Sons took over 1941, 1946. Paul: Toledo. 71. Divorced, widowed, remarried; 3 sons, 3 stepchildren. Operates Toledo *Blade* (circ. 165,000). Ph.D. chemistry; does lab experiments in spare time. Politically conservative. Bill: Pittsburgh. 66. Married, 4 children. Started at *Blade* 1937; operated Pittsburgh *Post-Gazette* (circ. 180,000) since 1946. Politically liberal. Jointly own both papers, 2 smaller papers, TV and radio stations; venturing into cable. Estimated joint net worth: at least $220 million.

Morris Barney Dalitz

Casino operator. Las Vegas. 83. Divorced, 1 daughter. Gave up family laundry business to concentrate on night clubs, gambling in Ohio, later Las Vegas. Identified before Kefauver Committee 1951 as participant in formation of national crime syndicate. Partner Desert Inn 1950-67, Stardust Hotel 1956-69; has 25% of La Costa country club, plush $135 million resort built on Teamster loans. Also believed to own considerable other assets. Estimated net worth: $110 million.



Jesse J. Parrish Jr.

Citrus, cattle. Titusville, Fla. 69. Married, 2 sons. Son of large citrus grower, added orange groves as fast as possible: "I hocked my life insurance policy so many times the bank stopped sending it back." Now has thousands of acres oranges, one of biggest cattlemen in Florida. Inveterate dealmaker, the more complicated the better: "If they were simple [deals], someone else would do them first." Estimated net worth: $110 million.

Richard Raymond Rogers

Mary Kay Cosmetics. Dallas. 39. Divorced, remarried, 3 children. Started cosmetics company 1963 with mother; she had sales background, adapted cosmetics formula from foul-smelling tanner's cream (used to soften leather), had idea of home parties à la Tupperware. Son became president 1968, stock gradually passing to him. Lately held 4 million shares worth $110 million.

Ray Stark

Movie producer. Holmby Hills, Calif. 65. Married, 2 children (1 deceased). Started as literary agent (Raymond Chandler, Ben Hecht), switched to movie stars (Lana Turner, William Holden). Cofounded independent film production company 1957, developed into Seven Arts. Formed Rastar Productions 1966, sold to Columbia Pictures 1981. Over years, his films have grossed over $500 million. Made $22 million on sale of Columbia shares to Coca-Cola. Estimated net worth: $110 million.

Sydney Mark Taper

First Charter Financial Corp. Los Angeles. 80. Widower, 3 children. Says was born in England of Continental parents. Arrived Calif. 1939 with some capital, skill at land development. Founded First Charter 1955; took public 1959. Now third-largest S&L in U.S. despite revolving door management: "Has a habit of blaming other people." His 10.5 million badly depressed shares worth about $110 million.

Henry Zarrow

Oilfield supplies. Tulsa. 66. Married, 2 children. Started Sooner Pipe & Supply Co. 1937 with Latvian immigrant father Sam (d. 1975). Now approaching $1 billion estimated revenues. Extremely private seller oilfield supplies, pipe in U.S., Canada. Also Bigheart Pipe Line Corp., originally purchased for scrap value. Sister's heirs ruled out of will after noisy lawsuit; Henry now holds nearly two-thirds stock; brother, Jack, 57, nearly all rest. Henry's estimated net worth: over $100 million.

Leland K. Whittier
N. Paul Whittier
Helen Whittier Woodward

Brothers and sister. Inheritance. Southern California. All over 75. Children of Mericos H. Whittier, oilman & cofounder (1911) Belridge Oil; company CEO until death 1925. Son Leland pres. 1965 to 1979. Bought out by Shell Oil 1979 *(see also Whittier family)*. Extraordinarily secretive "for safety's sake": Leland's driver's license does not have home address (San Marino, Calif.). N. Paul gave $5 million in 1980 for Whittier Institute for Diabetes & Endocrinology to Scripps Hospital, La Jolla. Also have family oil company, M.H. Whittier Co. Estimated net worth of each exceeds $100 million.

Laura Simpson O'Neill
Abby Rockefeller Simpson

Sisters. Inheritance. Laura (Mrs. L.S. O'Neill): Mt. Kisco, N.Y. 28. Married, 2 children. Abby: NYC. 25. Unmarried. Daughters of Marilyn Milton Simpson (d. 1980) and great-granddaughters John D. Rockefeller Jr. Father, not a Rockefeller, works as Egyptologist in Boston; daughters have $100 million-plus interests in Rockefeller trusts.

John Davison Rockefeller IV
Alida Rockefeller Dayton
Sandra Ferry (Rockefeller)
Hope Aldrich Rockefeller

Brother and sisters. Inheritance. Children of John D. III (d. 1978, car accident). John: Charleston, W.Va. 45. Married, 4 children. Worked on juvenile delinquency in W.Va. as special asst. to RFK, elected state House of Delegates 1966, elected governor 1976 by record margin, reelected 1980. Sandra: Cambridge, Mass. 47. Unmarried. Dropped Rockefeller name; lives as recluse. Hope: Woodstock, Vt. 44. Divorced, 3 children. Wrote for *Newsday* (on feminism), *Village Voice*; won awards for other reporting. Dropped out mid-1970s to quiet rural life near uncle Laurance's resort. Alida: (Mrs. Mark Brandt Dayton): Minneapolis. 33. Married, 1 child. Did charitable work in San Francisco, TV documentary production in Los Angeles. Married 1978; husband (of Dayton family) running for Senate. Interest of each sibling in Rockefeller trusts exceeds $100 million.

Rodman Clark Rockefeller
Ann Clark Rockefeller Harris
Steven Clark Rockefeller
Mary Clark Rockefeller Morgan

Children of Nelson Rockefeller's first marriage. Inheritance. Rodman: NYC. 50. Divorced, remarried, 4 children by first marriage. Chairman of late father's company, now called Ibec Inc. (1981 profits: $7 million). Tips waiters 10%: "What was good enough for Great-grandfather is good enough for me." Ann (Mrs. George Harris): NYC. 48. Divorced, remarried. 4 children. After college, spell as social worker in London's East End, Bronx; also a student of landscape design. Steven: Middlebury, Vt. 46. Divorced, remarried; 3 children by first marriage, 1 by second. Married family's Norwegian maid, worked briefly for Rockefeller Center. Quit, entered Union Theological Seminary, tried psychoanalysis, got divorced; now dean of Middlebury College. Mary (Mrs. Thomas Morgan): NYC. 44. Divorced, remarried, 3 children by first marriage. Active role in Michael Rockefeller wing at NYC's Metropolitan Museum (Michael was her twin brother who died in New Guinea); second husband worked as editor on major publications editorially opposed to late father. Interest of each sibling in family trusts exceeds $100 million.

George R. Brown

Entrepreneur. Houston. 84. Married, 3 daughters. Injured in mine collapse, went to work in brother's new construction firm 1922. Brown & Root, sold to Halliburton 1962, one of world's largest construction companies. Cofounded Texas Eastern Transmission Corp. 1947. Also independent oil and gas producer. Long *éminence grise* of Houston politics; at his poker games in Suite 8F, Lamar Hotel, Senator LBJ would go out for the drinks. Eyesight failing. Estimated net worth: upwards of $100 million.

Mary Jane du Pont Lunger

Inheritance. NYC. 65. Married, 5 children. Father, Philip du Pont, ran $10 million inheritance up to $58 million in stock market, died 1928. She inherited $50 million (dissolute older daughter cut off with mere $2 million). Married stockbroker; long known in horsey set as owner Christiana Stables. Son Brett sometime Grand Prix auto racer. By now fortune should be well into 9 figures.

Malcolm Austin Borg

Newspapers, TV. Englewood and Spring Lake, N.J. 44. Married, 3 children. Spent 1960s learning the family business: highly profitable newspaper (the *Record*) for affluent NYC suburbs (Bergen Co., N.J.), owned by Borg family since 1930. Also 4 TV stations. Took over 1971. Nonunion in one of strongest union regions in U.S. Estimated net worth: over $100 million.

John Brooks Fuqua

Fuqua Industries, Inc. Atlanta. 64. Married, 1 surviving son. Farmboy ham operator, started first Augusta radio station 1940. After series of small but successful business deals, started Augusta TV station 1953. Profits supported conglomerating binge 1960s. Recently attempted to take $1.6 billion revenues Fuqua Industries private. Personally shy, considered financial "wizard"; reputation for diplomacy. Estimated net worth: over $100 million.

William A. Graham

Real estate. Miami Lakes, Fla. 58. Married, 5 children. Father, Ernest Graham, bought 3,000 acres starting in 1932. Son William took over 1956; began development 1962. Now new town of Miami Lakes (just north of Hialeah). Brother D. Robert, governor Fla., retains sizable interest; sister-in-law Katharine Graham *(which see)*, none. Also dairy in south Fla. Estimated net worth: over $100 million.

Roy M. Huffington

Oil. Houston. 64. Married, 2 children. Exxon geologist who went out on own in 1956. Moderate success until 1968. Heard Indonesian area looked like Louisiana Basin geologically; tested out; stupendous gas and oil discovery. Had to take in many partners, chief one Indonesia. Bought out interest of one, Alaska Interstate, in his Huffco 1980. Estimated net worth: over $100 million.

Robert H. Kieckhefer

Container executive, investments. Prescott, Ariz. 64. Married, 4 children. Joined family cardboard box and shipping container business 1939. Company joined Weyerhaeuser 1957 for $217 million in stock; father got about $52 million (d. 1970). Semiretired; breeds horses. With immediate family, owns 2% Weyerhaeuser, also holds other investments. Estimated net worth: over $100 million.

William Jaird Levitt

Home builder. Millneck, N.Y. 75. Twice divorced, remarried; 2 sons, 3 adopted stepdaughters by third marriage. Before WWII, small home builder Long Island. During war, developed mass production building technique on barracks. Applied to homes 1946: built 3 *Levitt*owns, invented tract development concept. Sold Levitt & Sons 1968 for $90 million; sailed off, chairman of the board, in custom-built yacht with French wife, art collection. Bored; began with new company 1978; now building retirement *Williams*burg communities, Orlando and Tampa Bay, Fla. Estimated net worth: over $100 million.

Edward Wyllis Scripps

Newspapers. Charlottesville, Va. 73. Remarried; 2 sons, 1 stepson. Grandson of E.W. Scripps, but a sundered branch of family *(which see)*. Owns Scripps League Newspapers, Inc.: 40 publications, including 21 small dailies scattered across country; 250,000 circ. Estimated net worth: in excess of $100 million.

Helen Clay Frick

Inheritance. Pittsburgh. 93. Never married. The strong-willed, worshipful daughter of her father, Henry Clay Frick (dominated Pittsburgh coke industry in Carnegie era, broke Homestead strike 1892). Once lived near Frick Collection (NYC), established in his memory; also Pittsburgh mansion. Loves dogs. Reputedly was canny businesswoman; $38 million inheritance (1919), surely nine figures by now.

Meyer Lansky

Mob moneyman. Miami Beach. 80. Divorced, remarried; 1 son, 1 daughter. Russian-born. Neighbor: "Unassuming little old man" who walks small dog. Alleged past gambling interests: Cuba, Bermuda, Fla., Vegas (reputed Vegas skim $6.5 million/year). Believed owner motels worth near $100 million. Net worth may be far higher. Investigator: "Controls as much as, if not more than, anyone in organized crime."

Timothy Mellon

Inheritance. Guilford, Conn. 40. Married, childless: "Families are an anachronism; interesting social phenomena, perhaps." A Pittsburgh Mellon; reputed $100 million in trusts. Started computer programming firm 1969; with partner started company to pressure-treat RR ties 1977; sought to acquire Boston & Maine RR 1981. Interests: ecology; human rights; gave money to rebuild Hanoi hospital. Estimated net worth: over $100 million, denied by him.

Joseph Meyerhoff

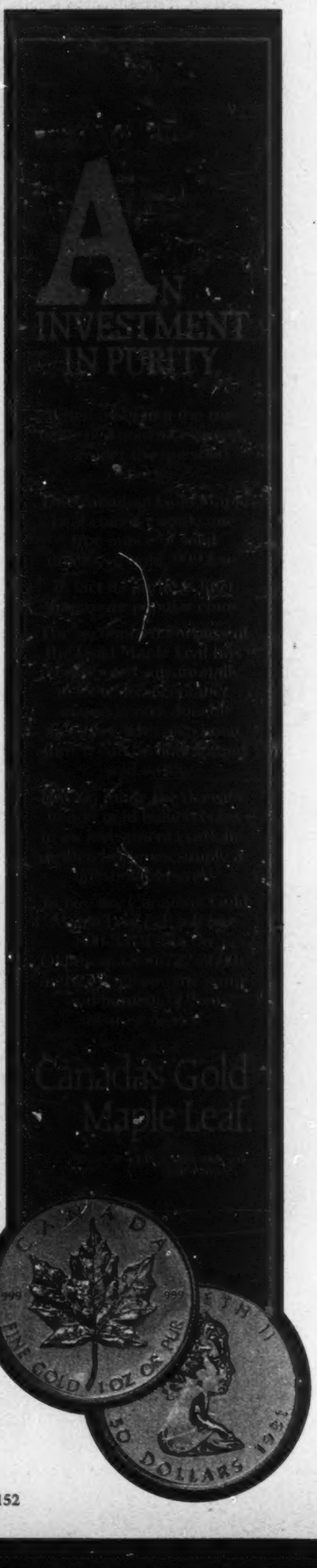
Real estate. Baltimore. 83. Married, 3 children, 1 deceased. Left brother's foundering construction company in his early 30s, started own. Built houses, commercial properties around Baltimore. Went public "to diversify" by merging with Monumental Corp. in 1969. After accounting rule changes killed real estate stocks on Wall Street, price fell to $7 a share in 1974. Formed liquidating trust in 1979, paid out some $38 a share. Formed Magna Properties. Active philanthropist (favorite cause: Israel). With immediate family, estimated net worth over $100 million.

Roy Richards

Cable manufacturer. Carrollton, Ga. 70. Married, 7 children. Worked way through Georgia Tech scrubbing floors; returned to father's sawmill and began making utility poles 1930s. Found shortage of wires; opened wire mill 1950. Southwire Corp. now largest independent producer electrical wire, cable and rod (1981 sales, $600 million). National Steel paid $25 million for 20% interest 1968. Richards, with family, has 62%, other interests. Holds annual picnic for 5,000 local employees and guests, preaches "evangelistic free enterprise." Estimated net worth exceeds $100 million.

Sheldon H. Solow

Real estate. NYC. Late 40s. Married, 1 child. Went way out on limb to build landmark skyscraper (9 W. 57th St., NYC) near Plaza Hotel. Fully rented just before 1970s real



estate bust. Also smaller properties; builds only in NYC: "A contentious, litigious man." Big collector modern art. Estimated net worth: over $100 million.

Peter Sharp

Real estate. NYC. 51. Divorced, 3 children. Father was major hotelier NYC 1920s (Delmonico, Ritz, etc.); died 1941. Majored in 16th-century French history at Princeton; started in real estate 1957. Owns prime commercial, residential property midtown Manhattan, Upper East Side (Park & 57th, Carlyle Hotel, Parke-Bernet building, et al.); other assets. Estimated net worth: at least $100 million.

Dolph Briscoe Jr.

Rancher. Uvalde, Tex., 59. Married, 3 children. Governor Texas 1972-78; not renominated. Owns 500,000+ acres southwest Texas, 177,000 in Catarina Ranch alone; some oil under it. Owns the local bank in Uvalde. Estimated net worth: approximately $105 million.

George Lucas

Star Wars. San Anselmo, Calif. 38. Married, 1 child. Raised on California walnut farm; indifferent high school student. Nearly killed in 1962 car crash. Directed *American Graffiti*; partner in *Raiders of the Lost Ark*. Actually believes in "The Force." With 7 episodes *Star Wars* gold mine to go, who's to argue? Aide puts net worth at $50 million, but if Lucasfilm Ltd. were sold, could easily net over $100 million.

William Zimmerman

Retailer. Laguna Beach, Calif. 62. Widower, remarried, 3 children. Started out at 9 on Manhattan's Lower East Side, buying sugarcane stalks in Chinatown, selling slices at 2 cents-3 cents, making 50 cents-75 cents/stalk. Still at it with distressed merchandise (mostly soft goods) at 78 Pic 'n' Save stores nationwide (1981 revs. $133 million). His, children's shares, plus proceeds of stock sales, come to over $100 million.

Ruth Chandler Williamson Boswell Crocker

Inheritance. San Marino, Calif. 85. Thrice widowed, 3 children. Daughter of Harry Chandler, Los Angeles empire builder *(see Chandler family)*: "beautiful and very smart and the oldest" (Halberstam, *The California Dynasty*). Second husband J.G. Boswell left her 25% (directly and in trusts) J.G. Boswell Co., largest U.S. cotton producer; since sold off. With her 1/7 Chandler empire, other assets, net worth must exceed $100 million.

Virginia McKnight Binger

Inheritance. Wayzata, Minn. 66. Married, 1 son, 2 daughters. Only child of William McKnight, 3M founder. Husband James rose to chairman and CEO Honeywell, Inc., retired 1979 after 35 years. Now they buy theaters on New York's Broadway. Her parents each left $250 million, created $340 million foundation. Her estimated net worth: $100 million or more.

John Langeloth Loeb

Financier. NYC. 79. Married, 5 children. With his father founded Loeb, Rhoades, the brokerage firm, in 1931, run by John 1955-76. By then fourth-largest U.S. brokerage firm. Abandoned semiretirement 1977; merged with Hornblower, Weeks; lost money. Merged with Shearson Hayden Stone 1979; now honorary chairman Shearson/American Express. Visible assets worth about $100 million.

Leslie Herbert Wexner

Retailer. Columbus, Ohio. 45. Single. Went to work 1963 in father's women's clothing store. Disagreed with policy: borrowed $10,000 to start own specialty store (sportswear). Now has 422-store chain, The Limited; grosses $200/sq. ft. Acquired Lane Bryant, sleepy larger chain, for assets: $2/sq. ft. leases in $15 markets. His share in the Limited worth around $100 million.

David M. Darrin

Automatic Switch Co. Livingston, N.J. 64. Married, 3 sons. Father David H. worked for company, bought it, moved it to NYC from Baltimore; died 1928. After his death, mother gave one-third to management; later, two-thirds to David M. Company went public 1970; Darrin now owns 39%, worth $86 million by itself. With proceeds of stock sales, should have more than $100 million.

Carmage Walls

Newspapers. Houston. 73. Divorced, remarried, 3 children by first marriage, 2 by second. Started as assistant bookkeeper Orlando (Fla.) *Sentinel* 1932; became business manager 1933. Bought by chain, worked his way up to head string of papers. Started own company 1952; became buyer, holder, reseller of small-town southern newspapers: "I've made 24 millionaires" selling newspapers to his appointed publishers and others. Now family and friends own 26, total circulation of 211,000. Semiretired. Estimated net worth with wife, children: above $100 million.

Ernest W. Hahn

Shopping centers. San Diego, Calif. 63. Married; 3 children. Started as small general contractor after leaving Navy 1946. Began building shopping centers early 1950s. Built over 34 million sq. ft. in numerous states. Sold out to Trizec Corp. (Canadian) 1980. His share: $90 million. Semiretired: "I thought it was time to work a three-day week." With other assets, estimated net worth at least $100 million.

James L. Knight

Knight-Ridder newspapers. Miami. 73. Married, 2 children. Long in shadow of brother and family patriarch John (d. 1981). Co-inherited father's 3 small newspapers 1933. Acquired *Miami Herald* 1937, first of many including *Philadelphia Inquirer* and *Detroit Free Press*. Ran business side (John ran editorial policy). Now best-managed, most-profitable chain in U.S.; his stock alone worth $87 million. With other assets, estimated net worth: over $100 million.

Gordon McLendon

Broadcasting. Dallas. 61. Divorced twice, 4 children. Became famous as "The Old Scotchman," radio persona of 1940s, early 1950s. Invested in radio, TV stations. Pioneered Top 40 format, all-news station. Sold out 1972-77 for $100 million plus. Bought gold, silver, strategic metals, real estate. Started early, so probably still worth over $100 million despite recent slide.

Patrick J. McGovern

Publishing. Nashua, N.H. 45. Divorced, remarried, 2 children. Worked on tiny computer magazine, saw need for computer market census. Started International Data Corp. 1964. Started newspaper 1967 as IDC "ad" business-getter: *Computerworld,* now largest specialty publication of its kind. Moving into venture capital. Revenues $75 million, growth 38% a year, net 10% aftertax. Net worth: at least $100 million.

Robert Edward Petersen

Publisher. Beverly Hills. 56. Married, 2 sons (deceased). Unemployed movie publicist 1947. Borrowed $2,000, printed *Hot Rod* magazine, hawked at race meets; published in garage, slept on cot in corner. Built into Petersen Publishing Co.: 16 monthlies (*Guns & Ammo, Motorcyclist,* etc.), books, other. Married former Miss Rheingold; bought mansion, hunting ranch, art. Estimated net worth: at least $100 million. Both young sons killed in plane crash, 1975.

Marc Rich

Oil trader. NYC. 48. Married, 3 daughters. Workaholic who built Phibro Corp.'s vast oil-trading business almost from scratch, demanded his $1.5 million bonus under compensation rules. Phibro refused. Went away mad; as Marc Rich & Co. now does $10 billion to $15 billion trading a year, mostly oil, with partners mainly hired away from Phibro. Uses "leverage to the nth degree." With business down, estimated net worth still at least $100 million.

Jack Resnick

Burton Resnick

Father and son. Real estate. NYC. Jack: 75. Married, 4 children. Started as small builder in Bronx 53 years ago; moved to Manhattan 1950s, bought, held properties. Still runs company. Burton: 46. Married, 3 children. Chief operating officer Jack Resnick & Sons, Inc. Own over 4 million sq. ft. NYC commercial space, thousands of apartments NYC and Florida. Suing Teamsters for "racketeering." Equity easily exceeds $350 million, but silent partners, principally Belfers *(which see),* have some. Estimated net worth: share at least $200 million. Denied by them.

Peter Feinberg

Real estate. Palm Beach, Fla. 72. Married, 2 sons. Born Poland. Father's NYC wholesale produce business collapsed in Depression. Worked way through school, supported parents playing poker, shooting craps (with money backers), buying and selling used textbooks. Entered real estate 1936; reputation as "street smart." "I stopped gambling the minute I went into business." Has commercial real estate NYC, Florida, Denver, Atlanta; condos Florida. Turning business over to sons David (Denver), Michael (Miami). Estimated net worth: over $100 million.

Peter Kalikow

Harold Kalikow

Son and father. Real estate. NYC. Harold: 73. Married, 1 son. Split off from family business of building, owning row homes in declining boroughs NYC 1967, switched to Manhattan. Peter: 39. Married, 1 son. Kalikows own 9,000 apts. Peter risked big (1.1 million sq. ft.) midtown office building; 101 Park Ave. hit booming rental market just right (1980), has $100/sq. ft. capital gain. Shared fortune estimated well over $200 million.

Sarah Korein

Real estate. NYC. 72. Widow, 2 children. Born in Europe, now owns choice Manhattan properties and respect of very tough real estate fraternity. Once called "The Bella Abzug of real estate." Does business in chiffon dress, but "when she sets her mind on a price there's no arguing with her." Children not in business. Estimated net worth: about $100 million.

Bernard H. Mendik

Larry A. Silverstein

Ex-brothers-in-law. Real estate. NYC. Operated as Silverstein & Sons from 1957 to 1966, when father Harry Silverstein died; formed Silverstein & Mendik until split in 1977; Mendik divorced Larry's sister in 1978. Still partners in some buildings; intensely competitive. Bernie: 53. Remarried, 3 children. Born Scotland; raised in South Bronx as son of a handyman. Worked his way through school; broke into real estate via partnership/friendship with Silversteins: bought, upgraded NYC commercial lofts. Now has $1 billion real estate, mostly syndications. Larry: 51. Married, 3 children. Began as lease broker with his father, now owns 5 million sq. ft. office space mostly on Fifth Avenue and Wall Street, building 1.5 million more at 7 World Trade Center. Also, some 1,400 Florida luxury apartments. Main relaxation: boating, which found him several key associates. Estimated net worth: each about $100 million.

Lawrence A. Wien

Real estate, law. NYC. 77. Married, 2 children. Son of wealthy silk manufacturer; founded law firm Wien, Lane & Malkin 1929. Pioneered real estate syndication 1949, provided funds for deals with Harry Helmsley. Took varying percentages of equity, buildings' incomes. Wien-assembled groups control $2 billion NYC real estate, including Empire State Building. Still has substantial real estate holdings after recent sales; 60-lawyer firm; other assets. Estimated net worth: about $100 million.

Seymour Milstein

Paul Milstein

Real estate. NYC. Joined father's Circle Floor Co. early 1940s, expanded, sold 1967 for $15 million. Built 1,964 luxury apts. near Lincoln Center. Paid $30 million for Biltmore, Roosevelt hotel buildings 1978; estimated $80 million profit. Also much other NYC real estate. Bought into United Brands 1975; their stock still worth only $12 million. Seymour: 62. Married, 2 children. Paul: 60. Married, 2 children. Spend most of their time running United Brands, call real estate "hobby": "It only takes 2 seconds to make a decision if you know your work." Estimated net worth, nearly all from hobby: approximately $200 million, shared about equally.

Sherman Cohen

Edward Cohen

Brothers. Real estate. NYC. 57, 61. Both married; 2 children each. Left college to become men's clothing retailers; started Westchester construction company, built midrise apartment buildings. Now own large NYC commercial properties (666 Fifth Ave.), develop others. Sherman the developer, dominant brother. Ed, construction chief. Avid golfers. Estimated net worth: approximately $200 million, shared equally; they claim $500 million.

Ivan Boesky

Arbitrager. NYC. 45. Married, 4 children. Left Edwards & Hanley to go out on own 1975, backed by limited partners. Left partnership 1980: After several great years, "they had a couple of bad quarters and they call up to whine. Ivan doesn't need that kind of grief." Has new arbitrage, investment banking, investment firm; also family-owned hotels, including famed Beverly Hills Hotel. Teaches arbitrage course at NYU. Estimated net worth: around $100 million.

Leo F. Corrigan Jr.

Inheritance. Dallas. 57. Married, 5 children. Leo Sr. self-made real estate magnate; owned Dallas' Adolphus Hotel, hotels worldwide, other real estate. Died 1975. Leo Jr. nearly out of hotel business now. Has 2 sons in Corrigan Properties; owns 20 Dallas tracts, Mercantile Texas bank stock, other assets. Net worth: about $100 million.

James S. Gilmore Jr.

Investments. Kalamazoo. 56. Remarried widower, 5 children by first marriage. Gilmores long intermarried with Upjohns (see Upjohn family); city's dominant families. Worked way up through Gilmore Brothers Dept. Stores; built personal empire real estate, TV stations, car dealerships, etc. "My father's stepfather (founder Upjohn, Inc.) left me about $3 million worth of stock. I think I put the money to good use." Estimated net worth: about $100 million.

Marie Ingersoll Hamilton

Hope Ingersoll Van Beuren

Sisters. Inheritance. Granddaughters of John Thompson Dorrance, founder of Campbell Soup Co. *(see J.T. Dorrance).* Marie (Mrs. Samuel Hamilton): Strafford, Penna. 51. Married, 3 children. Husband a stockbroker. Runs a store nearby selling china, glass, furniture. Hope (Mrs. John Van Beuren): Middletown, R.I. 48. Married, 3 children. Husband involved in venture capital investments. "I'm just a regular American housewife; I raised my children." Runs a women's dress shop. On mother's death 1971, each inherited 7% Campbell Soup. With other assets, each worth around $100 million.

Mary Hudson

Gas stations. Mission Hills, Kans. 69. Twice widowed, 1 daughter. At 21, widowed with infant, borrowed $200 to open gas station 1934. By 1940, 40 stations. Now, 250 in 35 states, plus refinery. Specializes in cut-rate gas, low costs, little service. Turns off unneeded lights in 39-room mansion. Estimated net worth: approximately $100 million.

Steven P. Jobs

Apple Computer. Los Gatos, Calif. 27. Single, no children. College dropout who sold telephone "blue boxes," saw potential in fellow computer freak's home-built personal computer. With partner started production 1976 in family garage on $1,300 from sale of calculator and VW microbus. Went public 1980. Overcame Apple III stumble (manufacturing bugs) 1981. His 13.6% of shares worth around $100 million.

John H. Johnson

Publishing. Chicago. 64. Married, 1 daughter. Born Arkansas; widowed mother worked as maid and cook. To Univ. of Chicago 1936; edited house magazine for black-owned insurance company. Pawned mother's furniture for $500 to start *Negro Digest* 1942; had friends ask for, buy up copies to convince distributors to carry magazine. Now publishes *Ebony, Jet,* et al.; owns radio station, office building; expanding cosmetics line. Estimated net worth: approximately $100 million.

Jack C. Massey

Entrepreneur. Nashville, Tenn. 78. Widower, remarried; 1 child. Pharmacist; started retail drug business in 1930, built it into wholesale surgical supply chain, sold to Brunswick Corp. for almost $2 million 1961. Took over, built, sold Kentucky Fried Chicken for $45 million. Simultaneously built Hospital Corp. of America. Also real estate, other investments. "If you're going to get rich you can't worry about making money. You've got to try to accomplish something." Estimated net worth: about $100 million.

Henry Earl Singleton

Teledyne. Los Angeles. 65. Married, 5 children. Learned conglomerating from Tex Thornton at Litton Industries 1954-60. Went out on own with $225,000, backing from venture capitalist Arthur Rock, built Teledyne conglomerate 1960s. Quit acquiring around 1970, switched to internal growth, paid down debt. Bought in Teledyne shares starting 1972; also built vast portfolio ($2.9 billion) other stocks. Chess buff. Estimated net worth: about $100 million.

Frederick W. Smith

Federal Express Corp. Memphis, Tenn. 38. Divorced, remarried, 7 children. Father, called "Bus King of the South," left Smith $3.2 million. Invested in idea developed for Yale economics course: Federal Express. Professor gave low grade: You're all wrong. Nevertheless, raised $80 million venture capital, started up 1973. His shares now worth about $100 million: "I was a lousy student—like Winston Churchill."

Kelvin Smith

Lubrizol Corp. Cleveland. 83. Married, 2 children. Son of a founder Dow Chemical. Cofounder Lubrizol 1928 on $21,000 investment with 2 brothers, now deceased. Still honorary chairman; lately in poor health. Present holdings, proceeds of stock sales over years by Smith and immediate family total about $100 million.

Rankin McEachern Smith Sr.

Inheritance, sports. Atlanta. 57. Married, 5 children. Worked way up from filing clerk through family company, Life Insurance Co. of Ga. Sold out to Dutch company, Nationale-Nederlander NV, in 1979. Bought Atlanta football Falcons 1965 for $8.4 million; now worth far more. With family plantation, other assets, net worth estimated at about $100 million.

Richard Alan Smith

General Cinema Corp. Chestnut Hill, Mass. 56. Married, 3 children. Inherited General Drive-In Corp. 1961. Diversified into Pepsi bottling. Also Miami TV station. All prospered. But no cable: "We understand marketing consumer services . . . not all growth will come from new technology." His shares (some co-owned with immediate family) worth about $100 million.

Jack N. Mandel

Joseph C. Mandel

Morton Leon Mandel

Brothers. Premier Industrial Corp. Jack: Shaker Heights, Ohio. 70. Married, no children. Joseph: Lyndhurst, Ohio. 68. Married, 2 daughters. Morton: Shaker Heights. 60. Married, 3 children. Pooled $900 savings to buy auto-parts shop 1940; found customers pay well for quality, hard-to-find parts. Bought Newark Electronics, electronics parts distributor, for over $20 million 1968; dropped high-volume, low-profit lines, built up comprehensive 752-page catalog electronic components; last year Newark earned $25 million pretax. Each brother owns about $75 million of Premier stock and considerable outside holdings.

Fred M. Allison Jr.

Oil. Midland, Tex. 63. Divorced, remarried, 2 sons by first marriage. Father Fred Sr. co-developed rotary drilling rig; Jr. was an innovator of secondary recovery techniques. Retired 1975; son Fred III, 39, runs business. Midland's "most outrageous" centimillionaire: first oilman on block to have his own (TV) earth station. Has several million-dollar homes, many cars, travels constantly; used Concorde to celebrate 3 New Years in 3 time zones 1976-77. Estimated net worth is near $100 million.

Arnold Bernhard

Investment advice. Westport, Conn. 80. Married, 2 children. Quit as *Time* magazine drama critic 1928 to work with legendary speculator Jesse Livermore. Livermore went on to suicide; Arnold to *Moody's*, founded Value Line Investment Survey 1936: "I had to find some rational way of evaluating stocks." Once lived above company in Midtown Manhattan townhouse; has a Westport, Conn. mansion. With over $50 million invested in own mutual funds, estimated net worth: near $100 million.

W. Averell Harriman

Inheritance. Wash., D.C. 90. Married 3 times, 2 children by first wife. Heir to $69 million Union Pacific fortune 1935, also father's admonition: "Great wealth requires great responsibilities." Distinguished public service career under 5 Presidents; served as personal LBJ representative Vietnam negotiations, Paris 1968. Governor of New York 1955-58; former ambassador to London and Moscow. Despite slide in Union Pacific, major holding, net worth still close to $100 million.

Sumner Redstone

Drive-ins, investments. Newton Center, Mass. 59. Married, 2 children. Started as lawyer; preferred business. Began building chain drive-ins 1954; as National Amusement Inc., owns 250 screens. Made killings in 20th Century-Fox, Columbia takeovers. Now invested primarily in entertainment, Treasuries; getting into family restaurants, video arcades: "Exhibitors vastly underestimate threat" of cable, alternative entertainment. Estimated net worth near $100 million.

Nat Wartels

Crown Publishers. NYC. 80. Bachelor. Started remaindering books 1933; added reprints; then tried original titles; much later, direct mail, language records, book club, etc. As Outlet Book, still king of remainderers; as Crown, one of handful largest U.S. book publishers. Always busy; hanging on office wall: "A clean desk is the sign of a sick mind." Estimated net worth: near $100 million; he says, "much too high."

William C. Cox Jr.

Jane Cox MacElree

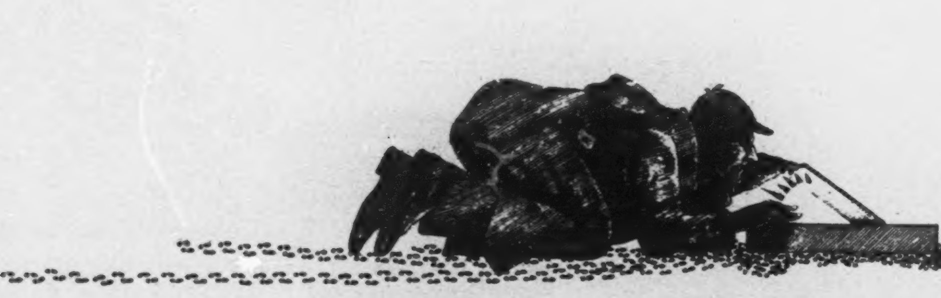
Brother and sister. Inheritance. Great-grandchildren of Clarence Barron (*see Jane Bancroft Cook*), who built up *Wall Street Journal*, etc. Bill: 51. London. Married, 4 children. On board of Dow Jones & Co., works as executive director European operations. Jane (Mrs. Lawrence E. MacElree): Newtown Square, Penna. 53. Remarried, 7 children. Has raised money for Children's Hospital, Philadelphia. Since death of mother, Jessie B. Cox, April 1982, they preside over family trusts totaling around $190 million.

Armas Clifford Markkula Jr.

Apple Computer. San Francisco area. 40. Married, 2 children. As marketing manager Intel, 1976, came across 2 computer freaks with homemade personal computer, orders, no way to produce enough. Put up $91,000, secured line of credit, tapped venture capitalists. Computer freaks made him chairman of the board (*see Steven Jobs*). His 6.8 million shares Apple Computer recently worth $91 million.

Malcolm Stevenson Forbes

Publisher. Far Hills, N.J. 63. Married, 5 children. Father B.C., Scottish immigrant, founded FORBES magazine 1917, built to preeminence in its day. Magazine languished during Depression, WWII. Rebuilt by Malcolm and brother Bruce. They inherited 1954; Bruce died 1964, Malcolm eventually becoming sole owner, guiding to dramatic increases readership, circulation, revenues, profitability. Also land, yacht, Fabergé eggs, art, balloons, motorcycles, etc. Net worth: See page 170.



Family Fortunes

The Annenberg Sisters

NYC, et al. Five daughters Moses Annenberg (3 others deceased) and sisters of Walter Annenberg *(which see).* All sisters plus Walter have equal shares in a trust created by Moses, plus varying numbers of shares owned individually in Triangle Publications. *(TV Guide, Racing Form, Seventeen)*; Walter votes all shares for family. Reasonable distributions over the years to all sisters should far exceed $200 million.

Belk

Charlotte, N.C. Descendants William Henry Belk, who opened a general store Monroe, N.C. 1888; and of brother John, who joined him. Gave no credit; bought out, for pennies on the dollar, competitors who did give credit during hard times. Big growth period: Great Depression. About 25 family members share ownership 350 corporations, mostly shared with local owner-managers. Combined fortune should easily exceed $200 million.

Berry

Dayton, Ohio. Heirs of Loren Berry (d. 1980, age 91), pioneer of the Yellow Pages concept while struggling ad salesman 1910. Also became part owner numerous small telephone companies of the time. L.M. Berry & Co., one of worldwide producers Yellow Pages, owned by widow, 5 children, 16 grandchildren and 17 great-grandchildren. Estimated net worth: around $250 million.

Buck

California, New Mexico. Descendants Frank Buck, cofounder (1911), Belridge Oil. Family received $665 million from 1979 buyout by Shell Oil, of which foundation got $253 million. Remainder split among grandchildren, Buck's second wife; all over 60. C.B. Buck: "We sold the company, got the money in the bank; everybody's happy." Estimated net worth: probably over $400 million.

Cabot

Boston area. Descendants John Cabot, immigrant (1700) merchant from Isle of Jersey. Famed Boston "Brahmins" ("The Lowells speak only to Cabots/And Cabots speak only to God"). Patriarch Thomas Cabot: "They got it [money] the hard way," *i.e.,* married well. Godfrey Cabot founded Cabot Corp. 1882 to make carbonblack from newly discovered natural gas. Family still holds 45%, worth over $225 million. Louis W. Cabot, 61, heads the $1.6 billion company. Paul Cabot, 84, built up Harvard's endowment; now Walter Cabot, 49, runs Harvard's investment arm.

Cargill-MacMillan

Origin: Minneapolis. Founder William W. Cargill, son of Scottish sea captain born on Long Island, moved West, set up Cargill, Inc. 1865, quickly became leading Midwest grain trader. Across-the-street neighbor John Hugh MacMillan married his daughter 1895, became company president. Run by John, John Jr., to 1960. Now one of biggest grain traders in world, diversifying into other foodstuffs (beef, etc.), based near Minneapolis. 85% owned by Cargill and MacMillan families; interest must exceed $1 billion. Waycrosse, Inc., located Minnetonka, manages most of family money. Some $650 million owned by James and Margaret Cargill, J. Hugh, W. Duncan, Marion MacMillan *(which see).*

Chandler

Los Angeles. The dominant L.A. family; their *Times*, the dominant newspaper. Founder Harry Chandler (d. 1944) distributed papers, acquired interest in *Times*, married owner's daughter. Built vast real estate empire. Son Norman built up Times-Mirror, Inc. business side 1950s, 1960s; grandson Otis made editorial side one of best in U.S. 50 heirs share family trusts: $440 million in Times-Mirror stock, substantial Southern Calif. real estate worth estimated $200 million.

Cowles

Des Moines and Minneapolis. Founder Gardner Cowles Sr. bought struggling Des Moines paper 1903; eliminated competition, built respected newspaper. Son John Sr. bought struggling Minneapolis paper 1935, eliminated competition, built respected newspaper. Son Gardner Jr. was doing same with *Look* magazine until wiped out by TV. Now third generation in place, buying more papers, moving into cable. 57 family members share fortune worth over $200 million.

Dayton

Minneapolis. George Draper Dayton, banker with new vacant building in downtown Minneapolis 1902, bought dry goods company to have a tenant. Built into Dayton-Hudson chain; 5 third-generation brothers, ages 57 to 67, on sidelines. Dayton family holdings worth about $300 million.

Dikeou

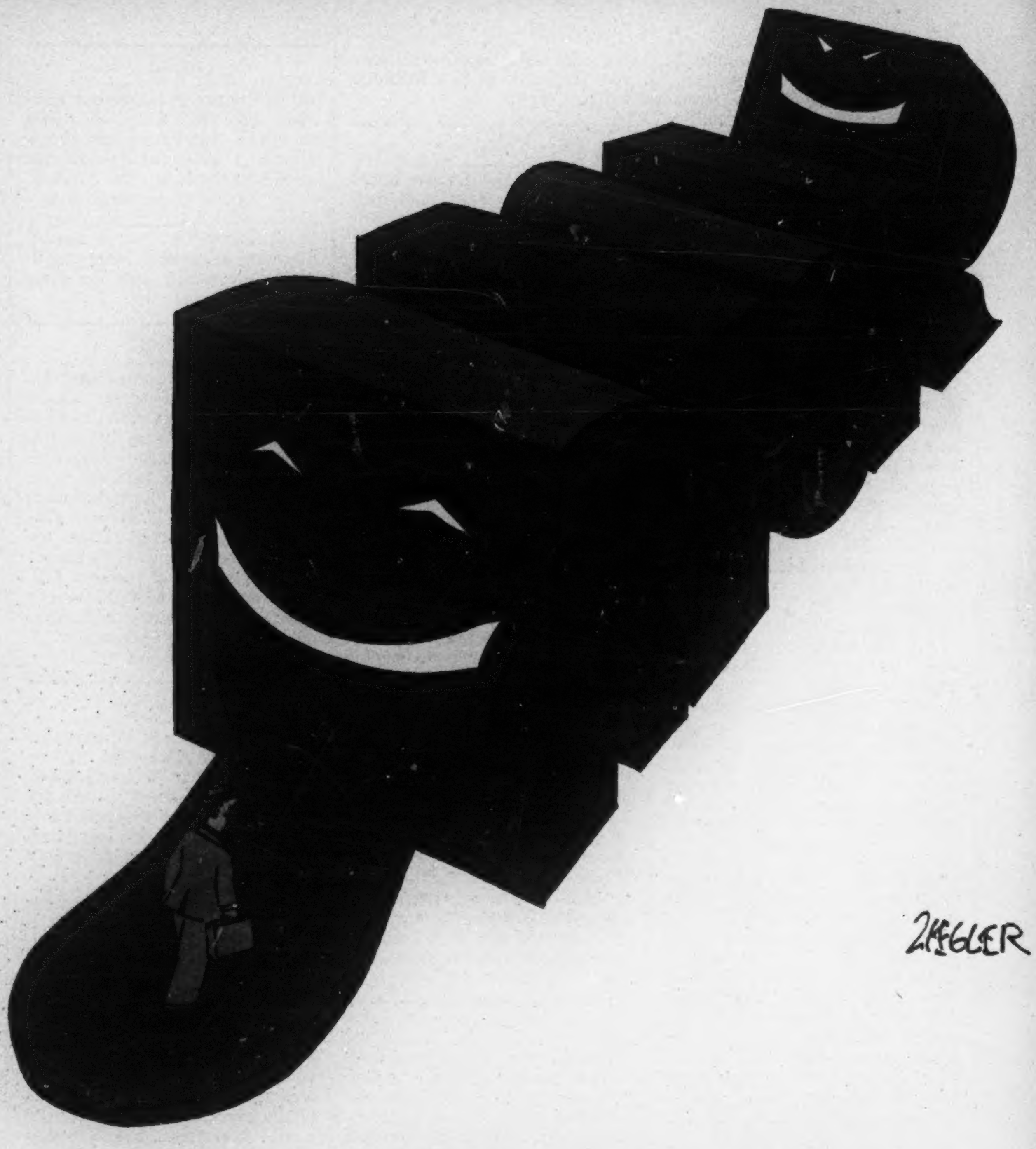
Real estate. Denver. Pronounced "D-Q." Father Panayes (Pete) emigrated from Greece 1921, wholesaled popcorn. Switched to real estate. Established family strategy: Buy small parcels strategically placed downtown; hold for long run; be last holdouts in land-assemblage deals (d. 1977). Three sons own 50 parcels totaling 14 acres heavily speckling downtown Denver; also substantial Florida holdings. With Denver overbuilt, Dikeous planning own development. At current land prices, their estimated net worth about $275 million.

Donnelley

Origin: Chicago. Founder Richard R. Donnelley (d. 1899), saddlemaker's apprentice, ran away to print shop; joined another as partner 1864. Rebuilt after Great Fire 1871. Family built into R.R. Donnelley & Sons, largest U.S. printer (for *Time, Newsweek,* Sears catalog, etc.), still owns 23%. Also Reuben H. Donnelley Co., one of largest publishers Yellow Pages, sold to Dun & Bradstreet 1961. Family now in fourth generation, shares fortune probably exceeding $400 million.

du Pont

Delaware and various. Descendants of original Pierre Samuel du Pont de Nemours (1739-1817), who made his 2 sons swear over their mother's grave: Remain united forever; then emigrated with them to America 1800. After 8 generations, with 6 major branches, over 1,700 living members, bond finally near disintegrating. Family still controls about



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20% E.I. Du Pont de Nemours & Co., 7% General Motors, etc., through Wilmington Trust, Delaware Trust or directly. But family's traditional Calling Day (New Year's) in Delaware "chateau" country now requires name tags to identify male relations giving flowers or candy, female relations receiving. Total net worth: over $10 billion.

The Heirs of Pierre Samuel du Pont

Delaware area. The numerous descendants of a subsequent Pierre Samuel du Pont's (1870-1954) 8 brothers and sisters; orphaned early, Pierre acted as paterfamilias. Split with other du Pont branches over sale of family explosives company; arranged leveraged buyout with 2 cousins 1902; later bought out 1 cousin, split with other, took control of E.I. Du Pont de Nemours & Co. 1915. Profited enormously from WWI (sold 45% of explosives used by Allies). Financed, helped engineer turnaround of General Motors 1920s, for approximately 23% of stock. Similarly, later, U.S. Rubber. Childless; divided wealth among brothers and sisters, assorted allies of his corporate battles; left only $80 million personal estate. Brothers and sisters now all deceased; their descendants jointly worth at least $8.5 billion.

Entenmann

Long Island. William Entenmann Sr. opened a mom-and-pop bakery in Brooklyn in 1898, by 1978 it had become a 14-acre plant (plus a small one in Florida), 500 trucks and a public company; still run by widow, Mrs. E., and 3 sons. Main secret: 45%-50% of sales dollar into high-quality ingredients, not 35% into okay-quality. Sold to Warner-Lambert 1978 for $242.7 million. Their share: $194 million.

Ford

Detroit area. Descendants of *the* Henry Ford. Base of fortune: 12.8 million shares class B stock Ford Motor Co. (10% of outstanding common shares but 40% of the votes), held by 3 surviving grandchildren (Henry II, the present patriarch; William Clay, *which see*; Josephine C.) and 13 great-grandchildren. Henry II would pass mantle to son Edsel, but watch Benson Jr. (Benson Sr. d. 1978) coming up on outside, with lawsuits. Family's Ford stock, other assets, readily exceed $250 million (not including William Clay's).

Haas

San Francisco. Levi Strauss, drawn from Bavaria by Calif. gold rush, offered patented blue jeans 1873; prospered. Walter Haas Sr. married grandniece, ran company 1928-70. By 1956, sales $30 million, a Far West institution. That year James Dean starred in movie wearing jeans; now Levi Strauss, Inc. $3 billion annual sales. Original 501 double X waist overall from 1873 still a major seller. Haas family owns 45%, worth $425 million.

Hoiles

Santa Ana, Calif. Two surviving children (of 4) and grandchildren Raymond Cyrus Hoiles (1878-1970), onetime Ohio schoolteacher; founder Freedom Newspapers, Inc. Doctrinaire Libertarians: opposed to draft, trade restrictions, free libraries and public (*i.e.,* tax-supported) schools. Now 31 papers nationwide (circ. 800,000), TV station; family's combined net worth in excess of $250 million.

Horvitz

Cleveland area. Three sons, 7 grandchildren Samuel A. Horvitz (d. 1956). Trust owns: string of smallish newspapers (run by Harry), large Ohio highway construction firm (Leonard), substantial Florida coast real estate (William); estimated total worth: about $200 million. Squabbles over family trust erupted into lawsuit 1979.

Houghton

Origin: Corning, N.Y. Five generations of owning or controlling Corning Glass Works. Family owns over 6 million shares, mostly in trusts, worth $300+ million. Principal member: Amory Houghton Jr., chairman Corning Glass Works. His father's cousin, Arthur Jr., regarded as richest individual family member.

Kennedy family

Origin: Boston. Estimated $300 million-to-$500 million in stocks, bonds, real estate, oil & gas divided among Rose, widow of Joseph P. Kennedy; 5 of 9 children (JFK, RFK, JPK Jr. and Kathleen dead); 29 grandchildren; 4 great-grandchildren.

Kirby

Morris County, N.J. Onetime merchant Fred M. Kirby (d. 1940) merged 96 variety stores into Woolworth's in 1912, family now has some 500,000 shares. Son Allan (d. 1973) further diversified investments. Allan's 4 children (current family leader, Fred M. II) control Alleghany Corp. With other, smaller holdings, family members share $200 million plus.

Kleberg

King Ranch, Tex. Richard King, Rio Grande steamboat captain, bought Spanish land grants in Wild Horse Desert of south Texas 1850s. Followed friend General Robert E. Lee's advice: "Buy land and never sell." Added own: "Keep the family together." Now 825,000-acre King Ranch; found oil 1933. (Son-in-law added Kleberg name.) Fifth generation still owns and operates. Estimated net worth: $550 million, divided among 60 heirs, in addition to holdings of Robert Shelton and Belton Johnson *(which see).*

Laird

Delaware. 5 children, 12 grandchildren of Mary Alletta du Pont (d. 1938) and William Winder Laird (d. 1927). Children shared in 1940s distribution of wealth by uncle Pierre Samuel du Pont *(which see).* Combined wealth probably exceeds $400 million.

Lykes

Origin: Florida. Descendants of Dr. Howell Tyson Lykes; settled in Florida 1870s, bought land, made fortune raising, shipping cattle to Cuba. Established family compound Tampa 1895, branched out with 7 sons, 1 daughter to other regions, shipping; died 1906. Later family invested in insurance, real estate; steel 1960s (Lykes-Youngstown). Own 400,000 acres Florida, 240,000 Texas. Close to 200 members meet annually in Tampa, govern empire with assets that far exceed $1 billion. No one may own more than 3%.

McCormick-Patterson

Chicago. Descendants of Colonel Robert Rutherford McCormick (d. 1955) and cousin, Captain Joseph Medill Patterson (d. 1946), builderss Tribune Co. (Chicago *Tribune,* New

York *Daily News*). Once top circulation chain in U.S., now 4th. Also radio, TV, Chicago Baseball Cubs. 1981 revenues, $1.4 billion; earnings, $89 million. As of 1975, widely dispersed family members owned roughly half of shares. Company arguably worth $1 billion, if *Daily News* problems can be resolved.

McGraw

NYC area. Three generations have owned or controlled McGraw-Hill, Inc. after James H. McGraw Sr. got piece of magazine business in lieu of unpaid subscription commissions. Family still owns 21%, worth some $250 million. Current patriarch and CEO: Harold W. McGraw Jr.; no immediate McGraw family successors are in sight.

Mayer

Madison, Wis. Original Oscar Mayer emigrated from Bavaria 1873 at age 14; opened sausage shop 1883 in Chicago. Traded on premium quality, image and price; formula has worked 100 years. Oscar G. Jr. sold company to General Foods 1981, was CEO 1966-73. Some 300 descendants, in-laws share fortune exceeding $200 million.

Moody

Galveston, Tex. Descendants William Lewis Moody Jr. (1865-1954). Founded American National Insurance Co. 1905; 1907 law forcing out non-Texan insurers proved vast bonanza. Built banking, ranching, etc. empire. Now first of 3 families dominating Galveston; long divided, lately reconciled. Today, 3 principal members control ANI, Moody National Bank, etc. Estimated net worth: well over $300 million.

O'Connor

Descendants of Thomas O'Connor (d. 1887), who built 500,000-acre, 100,000-head ranching empire in south Texas. Family land holdings include part of Tom O'Connor field, one of most productive in Texas. Numerous descendants still hold empire; among most closemouthed people in state. Net worth could approximate Klebergs', or exceed: less land but more oil.

Pew

Philadelphia-based. The heirs and collateral descendants of Joseph Newton Pew Sr. Born 1848 near Titusville, Penna.: the early oil days. Developed first methods to capture, pipeline natural gas. Bought big into legendary Spindletop strike 1901. Founded Sun Oil Co. Family still has control of company. Over 400 individuals share fortune exceeding $200 million, still largely Sun Oil stock. Does not include charitable trusts worth $1.7 billion, which control Sun.

Phipps

Origin: Pittsburgh. Steel pioneer Henry Phipps (1839–1930), Philadelphia cobbler's son, as a child moved to Allegheny, Penna., into a house neighboring Andrew Carnegie's. When Carnegie sold out to J.P. Morgan 1901, Phipps got $50 million; took stock while Carnegie took bonds. Set up Bessemer Trust predecessor 1911 for his 5 children. Family now in 4th generation; 5 branches divide Bessemer holdings, securities, eastern seaboard real estate, worth estimated $1.2 billion.

Pitcairn

Philadelphia area. Former telegrapher from Pennsylvania Railroad, John Pitcairn established glassmaking plant western Pennsylvania 1883. Split between partners led to 2 companies, Pitcairn's PPG Industries and rival Libbey-Owens-Ford. Today, 22 grandchildren, 112 great-grandchildren share in family holding company, The Pitcairn Co., worth in excess of $400 million. Still holds 14% of PPG.

Pulitzer

St. Louis. Descendants of Joseph Pulitzer (1847-1911), Hungarian immigrant, sometime politician. Bought bankrupt *Post-Dispatch* 1878, specialized in muckraking: "The crusade was simply the Pulitzer personality in print." Later bought New York *World*, built into one of top U.S. papers. With Hearst, put "yellow journalism" in the language with Spanish-American War. Later established Pulitzer prizes. His male descendants and their families share ownership of Pulitzer Publishing Co., worth some $400 million.

Scripps (E.W.)

Owns once-biggest U.S. newspaper chain. Flagship paper, *Cleveland Press*, founded 1878. Sold UPI wire service June 1982; still owns 75% Scripps-Howard Broadcasting. Long run by minority (12%) Howard family, heavy in evening papers. Nonfamily CEO attempting turnaround. 6 grandchildren, 28 great-grandchildren of Edward Wyllis Scripps *(which see)* share $550 million interest through trusts.

Scripps (J.E.)

Detroit. Descendants of James Edmund Scripps (d. 1906), English immigrant. James conceived radical departure from flowery, elitist papers of his time: short, concise news stories written for burgeoning working class. Founded Detroit *News* 1873, persuaded brothers to sell family farm to finance. Runaway success; formula applied to other cities. James, brother Edward Wyllis split, E.W. to run own chain *(see above)*, J.E. to run *News*. Descendants own nearly all umbrella Evening News Association worth $200 million to $300 million.

Temple

Diboll, Tex. Descendants of Thomas Louis Latané Temple Sr., who acquired 7,000 acres Texas timber 1893. At his death, 1934, 200,000 acres, major timber business. By 1973, half-million acres lovingly tended forest, earning $9.6 million a year, run by grandson Arthur Jr. He "integrated forward" by merging with Time Inc., eventually became vice chairman of board. Now some 20 members of Temple family own roughly 15% of Time stock, worth over $200 million.

Uihlein

Milwaukee. Descendants of 4 Uihlein brothers; August was the first to emigrate from Germany 1850; worked in uncle's brewery. Aunt remarried, changed her name, company name to Jos. Schlitz Brewing Co. Taken over by brothers 1875 on Joseph Schlitz' death. Family consists of over 450 members. Their 29-million + shares, at price recently offered by Stroh Brewing, worth $499 + million.

Family Fortunes

Upjohn

Kalamazoo, Mich. Descendants of Drs. William and Henry Upjohn, developers first readily dissolvable pill (allowing accurate dosages). Founded Upjohn Co. 1886. Company went public 1958; first outside director 1968. Over 20 descendants and spouses (including several corporate officers) believed to hold 7.5 million shares, worth $315 million.

Weyerhaeuser

St. Paul, Washington state, et al. Numerous descendants of Frederick Weyerhaeuser (1834-1914), German immigrant. Sawmill where he worked bankrupted in 1858 panic; he took over. Became acknowledged leader timber cutters; cut swath west from St. Paul to Pacific. Bailed out RR magnate James J. Hill 1900, bought 900,000 acres for $6 an acre. Family still dominates, owns about 10% of Weyerhaeuser Co. Vast diversified family interests run by big staff on 21st floor in First National Bank of St. Paul building. Visible family assets exceed $650 million.

Whittier

Southern California. Descendants of Mericos H. Whittier, oilman and cofounder (1911) Belridge Oil; its first president until his death 1925. Upon sale to Shell Oil 1979, family received $675 million, nearly half to 2 sons, 1 daughter *(see Whittier, Leland, et al.)*. Remainder divided among another brother, several children, grandchildren; totaled nearly $375 million. Family also has considerable other holdings, including M.H. Whittier Co., family oil company.

Wolfe

Ohio. Descendants of brothers Robert F. and Harry P. Wolfe, builders of 19th-century fortune based on Wear-U-Well shoes. Diversified long since into newspaper (Columbus *Dispatch*), TV, investment banking, real estate, farming, political influence: considered by many most powerful family in Ohio. Current dominant member: John Walton Wolfe, *Dispatch* board chairman. Family shares fortune probably worth over $275 million.

And what's Malcolm Forbes "worth"?

It's perfectly obvious that in 399 out of the Forbes 400 richest, the estimate of wealth is of necessity just that: an estimate based on considerable research, but still an estimate, an educated guess. In the case of MSF, though, readers could assume that a figure on wealth would or could certainly be precise, not just estimated. Herewith, the subject is treated by MSF in these excerpts from an interview that appeared in *Playboy* in April 1979.

Playboy: That brings us to the obvious question. With your magazine, and all your land, and your fishing camp, and your Moroccan palace, and your English mansion, and your French château, and your American estate, and your Fabergé collection, and your art, and your motorcycles, and your balloons, and your stock portfolio, and your money, and everything else, what does it all add up to? How much are you worth?

Forbes: Plenty! Happily, more so most every day. I assume, of course, that you're asking about money, not intrinsic value as a person.

Playboy: Yes.

Forbes: Good. Because that's a whole different thing and I suspect that the definitive reaction to the latter is: very little. *[Laughs]* But I really don't want to be on the record saying that I'm worth some far-out amount because I assure you that the people who collect death taxes will read this article and stick it into their dossiers. So if I claim that I'm worth some-odd hundreds of millions of dollars, then they'll come around later and want to know why my estate lawyers claim that I died practically penniless. *[Laughs]* It would leave me with what you might call a credibility gap. Up until the day Howard Hughes died, he was worth billions of dollars, and then everybody was astonished when Merrill Lynch and the executors came in and said his estate was worth less than $200,000,000. You could say the executors and the estate-tax people were approaching their estimates from two different points of view.

Playboy: Let's try that question another way. If there were no such thing as estate taxes, how much would you be worth?

Forbes: I can honestly say I don't know. How do you place a value on Forbes magazine? There are so many different ways you could measure just that one asset. Ten times earnings? One or two times gross sales? At best, those are crude yardsticks. As for my land: We sold 30% of the land we own in Colorado, and that's $50,000,000 worth as it turned out. But from that you can't say that the rest of it, therefore, must be worth a quarter of a billion, or that all the other land I own must be worth that much an acre. There's no way to place a value on all these things. All I can say is: Thank the Lord, I'm solvent!

Playboy: You sure are. But it sounds as if you *could* reasonably say the rest of the land in Colorado must be worth a quarter of a billion.

Forbes: But so often it depends on what you do with what you have as to what you're worth. At least as far as money is concerned. When we bought that land in Colorado, I planned to turn it into a game preserve that would have been the greatest game preserve in the U.S. So its value in money terms would have been negligible. The university people, the game-commission people in Colorado were very enthusiastic. But the state attorney general ruled that the game on the land belonged to everybody; that the only way we could do it would be to drive all the game off the property first, then stock it with our own. We finally gave up and went into the real estate business. So it was a result of not being able to do what I set out to do, and being forced to do something else, that the land became worth many millions of dollars in sales.

Playboy: The attorney general forced you into all that profit, eh?

Forbes: *[Laughs]* I really should have cut him in for a commission, I guess. But you see the complications in trying to evaluate my worth, and besides, it's hardly the most important measurement. It happens to be one that Americans are fascinated by: How much money does this guy have? We're a money-oriented nation. The idea used to be that if you've got bread, you must be good. But I think we've gotten over that silly notion. We know that a lot of bums get bread, and there are many nefarious means of getting it. Money doesn't make the man.

Playboy: It helps.

Forbes: No question. Money is independence.

The Forbes Four Hundred

Acknowledgments

The truly rich may often be reticent, but they are rarely hermits. It's hard to have $100 million or more and not catch the eye of, say, your local newspaper. Sources are where you find them.

Below, we gratefully acknowledge 82 sources, nationwide, that were especially helpful in the effort to identify the richest people in America. In addition, more than 80 other sources insisted upon anonymity—mainly bankers, lawyers and financial advisers of one kind or another. "In the words of Sam Goldwyn," one prominent West Coast attorney told us after a helpful interview, "include me out!"

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Scott Bennett, public affairs editor, *Texas Business*; Dallas.
Larry Birger, editor, *Business/Monday*, Miami *Herald.*
Richard F. Blackburn, Blackburn & Co., Inc.; Washington D.C.
Art Blum, president, Art Blum Public Relations; San Francisco.
Martin A. Brower, director public relations, The Irvine Company; Newport Beach, Calif.
John S. Bugas; Bloomfield Hills, Michigan.
Arthur Burck, Arthur Burck & Co.; Palm Beach.
R.W. Byram & Co., publishers oil and gas directories; Austin.
R. Eugene Caldwell, president, Baldwin Caldwell Company; Miami.
Kirk Cheyfitz, editor, *Monthly Detroit.*
George Christy, columnist, *Hollywood Reporter*; Hollywood.
John Cooney, author, *The Annenbergs*; New York City.
Andrew C. Currie, president, C.W. Shaver & Co.; Minneapolis.
Jack Daly, press secretary for Governor James A. Rhodes of Ohio; Columbus.
James R. Dublin, president, Dublin Associates; San Antonio.
Jim Duffy, business writer, Denver *Post.*
Mrs. Daniel J. Edelman, special events chairman, State of Illinois; Chicago.
Craig Endicott, *Advertising Age*; Chicago.
Robert E. Evans, senior vice president, Twin Cities Federal S&L Association; Minneapolis.
Michael D. Fischer; Miami.
David C. Foster, editor, *Business Atlanta.*
Gerald Freeman, Gerald Freeman, Inc.; New York City.
Bill Friman, president, Mercury Mortgage Company; Tulsa.
Jim Fuller, reporter, Minneapolis *Star and Tribune.*
Franklin M. Garrett, historian/trustee, Atlanta Historical Society.
John D. Gates, author, *The du Pont Family*, Winston-Salem, N.C.
Sidney S. Goosen, president, Pro-line Sanitary Supply; Detroit.
Robert Gottlieb, author; Santa Monica.
Francis J. Greenburger, president, Time Equities, Inc.; New York City.
Mary J. Hargrove, reporter, Tulsa *Tribune.*
H. Dale Henderson, president, Dale Henderson Inc.; Houston.
Ted Hepburn, The Ted Hepburn Company; Cincinnati.
Jim Hood, salesman, Grubb & Ellis; Newport Beach, Calif.
Carter B. Horsley, reporter, *New York Times.*
Harry Hurt III, author, *Texas Rich*; Houston.
Michael Kelly, business editor, *The Plain Dealer*; Cleveland.
Charles E. Kimball, real estate economist; Miami.
Jonathan I. Kislak, executive vice president, J.I. Kislak Mortgage Corp.; Miami.
Don Larson, publisher, *The Business Newsletter*; St. Paul.
Robert Lederer, editor, *Beverage World*; Great Neck, N.Y.
Lynwood A. Maddox, attorney; Atlanta.
Cye Mandel, owner, Cye's Rivergate Restaurant; Miami.
Theodore H. Mecke Jr., president, Economic Club of Detroit.
Leopold L. Meyer, philanthropist; Houston.
Donald Miller, art critic, Pittsburgh *Post-Gazette.*
Margaret Morris, journalist; Minneapolis.
Thomas Oliver, reporter, Atlanta *Journal and Constitution.*
Sandy Pesmen, features editor, *Crain's Chicago Business.*
Real Estate Data, *Real Estate Directory of Manhattan*; New York City.
Gerald D. Reilly, media consultant; Greenwich, Conn.
Gary Boyd Roberts, director of research, New England Historic Genealogical Society; Boston.
Michael D. Roberts, editor, *Cleveland.*
Peter Rosenthal, senior vice president, Howard J. Rubenstein Associates; New York City.
Dan Rottenberg, freelance writer and author; Philadelphia.
Howard J. Rubenstein, president, Howard J. Rubenstein Associates; New York City.
James Russel, financial editor, Miami *Herald.*
Ira Sampson, president, Sonnenblick-Goldman Corp. of Colorado; Denver.
William F. Sansing, business writer, Tulsa *Tribune.*
Jeremy Shamos; Denver.
Neil Shine, senior managing editor, The Detroit *Free Press.*
Louis Smadbeck, president, William A. White & Sons; New York City.
David C. Sodamann, energy-business editor, Midland *Reporter-Telegram.*
Sam Spatter, real estate editor, Pittsburgh *Press.*
Lloyd Spielman, vice president, Fitzgerald, DeArman & Roberts; Tulsa.
John D. Spooner, senior vice president, Shearson/American Express; Boston.
Dr. Eugene Swearingen, consulting economist; Tulsa.
Thomas Tew, senior partner, Tew, Critchlow, Sonberg, Traum & Friedbauer, P.A.; Miami.
Michael Thomas, author; New York City.
W.R. Thompson, Chaves County Extension Office; Roswell, N.M.
M. Bradley Tomkin, manager donor relations, Sloan-Kettering Institute; New York City.
Forrest J. Troy, editor, Oklahoma *Observer.*
James P. Ulman, publisher, *Oklahoma Business* and *Oklahoma Energy* magazines.
Sid Wallis, president, Sonnenblick-Goldman Corp. of California; Los Angeles.
Clyde Weiss, reporter, Las Vegas *Review-Journal.*
Taft Welch, senior board chairman, Western National Bank; Tulsa.
Donald K. White, business editor, San Francisco *Chronicle.*
Riley W. Wilson, business-oil editor, *The Tulsa World.*
William Wylie, business editor, Pittsburgh *Press.*

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Abercrombie, Josephine E.	138	Houston	55	100	Oil (inheritance)
Adams, Kenneth Stanley (Bud) Jr.	134	Houston	59	150	Entrepreneur
Albertson, Joseph A.	145	Boise, Idaho	75	115	Supermarkets
Alkek, Albert B.	111	Victoria, Tex.	71	350	Oil
Allbritton, Joe Lewis	116	Houston, et al.	57	250	Newspapers, TV
Allen, Charles Robert Jr.	136	New York City	79	100*	Investments, real estate
Allen, Herbert	136	New York City	74	100*	Investments
Allen, Herbert Anthony	136	New York City	42	100*	Investments, real estate
Allison, Fred M. Jr.	156	Midland, Tex.	63	100	Oil
Anderson, Robert O.	108	Roswell, N.M.	65	500	Oil, land
Annenberg Sisters	162	New York City, et al.	—	200	Publishing (inheritance)
Annenberg, Walter H.	105	Wynnewood, Penna.	74	800	Publishing
Anschutz, Philip	102	Denver	43	1,000	Oil
Anthony, Barbara Cox	108	Honolulu	59	500*	Newspapers, broadcasting
Arison, Ted	116	Miami Beach	57	250	Shipping
Arnold, Isaac Jr.	108	Houston	46	500*	Oil (inheritance)
Arnow, Robert H.	145	New York City	59	100*	Real estate
Avery, Alice O'Neill	134	West Los Angeles	65	150*	Real estate (inheritance)
Bass, Perry Richardson	102	Ft. Worth	67	1,000*	Oil, investments
Bass, Sid Richardson	102	Ft. Worth	39	1,000*	Oil, investments
Batten, Frank	138	Norfolk, Va.	55	140	Newspapers, TV, cable
Beal, Carlton	111	Midland, Tex.	66	400	Oil
Bechtel, Stephen Davidson Sr.	105	Oakland, Calif.	81	750	Engineering, construction
Bechtel, Stephen Davidson Jr.	105	Oakland, Calif.	57	200	Engineering, construction
Belfer, Arthur B.	116	New York City	75	250	Oil, real estate
Belk Family	162	Charlotte, N.C.	—	200	Retailing (inheritance)
Benenson, Charles B.	117	New York City	69	200	Real estate
Bernhard, Arnold	160	Westport, Conn.	80	100	Value Line Advisory Service
Berry Family	162	Dayton, Ohio	—	250	Publishing (inheritance)
Berry, Jack M. Sr.	142	Winter Haven, Fla.	65	120	Oranges
Bettingen, Burton Green	117	Beverly Hills	70+	200	Oil (inheritance)
Biggs, Electra Waggoner	137	Vernon, Tex.	63	150	Oil (inheritance)
Binger, Virginia McKnight	152	Wayzata, Minn.	66	100	3M (inheritance)
Blaustein, Morton	136	Baltimore	55	133*	Oil (inheritance)
Block, Paul Jr.	146	Toledo, Ohio	71	110*	Newspapers
Block, William	146	Pittsburgh	66	110*	Newspapers
Boesky, Ivan	154	New York City	45	100	Arbitrager
Borg, Malcolm Austin	147	Englewood, N.J.	44	100	Newspapers
Bredin, Octavia Mary du Pont	140	Greenville, Del.	69	125*	Du Pont Co. (inheritance)
Bren, Donald L.	111	Orange County, Calif.	48	350	Real estate
Bright, Harvey R. (Bum)	141	Dallas	61	125	Oil, trucking
Briscoe, Dolph Jr.	152	Uvalde, Tex.	59	105	Rancher
Brown, George R.	147	Houston	84	100	Construction, oil, gas
Brown, Jack	105	Midland, Tex	56	550*	Oil
Brown, William Lee Lyons Jr.	142	Louisville, Ky.	46	125	Liquor
Buck Family	162	Calif.; N.M.	—	400	Oil (inheritance)
Buffett, Warren	116	Omaha	52	250	Investments
Busch, August A. Jr.	112	St. Louis	83	300	Beer
Cabot Family	162	Boston	—	225	Investments (inheritance)
Cargill-MacMillan Family	162	Orig. Minneapolis	—	1,000	Grain trading (inheritance)
Cargill, James R.	137	Minneapolis	59	150*	Grain trading (inheritance)

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Cargill, Margaret	137	La Jolla, Calif.	62	150*	Grain trading (inheritance)
Carlson, Curtis L.	108	Minneapolis	68	500	Entrepreneur
Carpenter, Robert Ruliph (Bobby) Jr.	112	Montchanin, Del.	67	333*	Du Pont Co. (inheritance)
Carpenter, William Kemble	112	Ft. Lauderdale, Fla.	63	333*	Du Pont Co. (inheritance)
Caruth, William Walter Jr.	105	Dallas	70	600	Real estate
Chambers, Anne Cox	108	Atlanta	62	500*	Newspapers, broadcasting
Chandler Family	162	Los Angeles	—	640	Newspapers, real estate
Cockrell, Ernest H.	140	Houston	37	130	Oil
Cohen, Edward	154	New York City	61	100*	Real estate
Cohen, Sherman	154	New York City	57	100*	Real estate
Cohn, Seymour	123	New York City	71	200	Real estate
Collier, Miles	134	Naples, Fla.	35	150	Investments (inheritance)
Connell, Grover	134	Westfield, N.J.	64	150	Food brokerage, leasing
Conover, Catherine Mellon	140	Washington, D.C.	46	130	Investments (inheritance)
Cook, Jane Bancroft	130	Sarasota, Fla.	70	155	Publishing (inheritance)
Cooke, Jack Kent	110	Upperville, Va.	70	500	Publishing, cable TV
Cooke, Phoebe Hearst	124	Woodside, Calif.	55	100	Publishing (inheritance)
Copeland, Lammot du Pont	111	Greenville, Del.	76	400	Du Pont Co. (inheritance)
Copley, Helen Kinney	141	San Diego	59	125	Newspapers
Corrigan, Leo F. Jr.	154	Dallas	57	100	Real estate (inheritance)
Cowles Family	162	Des Moines, Minneapolis	—	200	Newspapers, cable TV
Cox, Edwin L.	110	Dallas	60	450	Oil
Cox, John L.	111	Midland, Tex.	57	350	Oil
Cox, William C. Jr.	160	London	51	95*	Publishing (inheritance)
Crocker, Ruth Chandler Williamson Boswell	152	San Marino, Calif.	85	100	Publishing (inheritance)
Crow, Trammell	110	Dallas	67	500	Real estate
Crown, Henry	114	Chicago	86	250*	Financier
Crown, Lester	114	Chicago	57	250*	Financier
Cullen, Roy H.	108	Houston	52	500	Oil (inheritance)
Cummings, Nathan	138	New York City	85	100	Industrialist
Dalitz, Morris Barney	146	Las Vegas	83	110	Casinos
Darden, Constance Simons du Pont	140	Norfolk, Va.	78	125*	Du Pont Co. (inheritance)
Darrin, David M.	153	Livingston, N.J.	64	100	Automatic Switch Co.
Davis, Kenneth W. Jr.	117	Ft. Worth	56	250	Oil (inheritance)
Davis, Marvin	104	Denver	56	1,000	Oil
Davis, T. Cullen	117	Ft. Worth	48	250	Oil (inheritance)
Davis, William Selden	117	Ft. Worth	46	100	Oil (inheritance)
Dayton Family	162	Minneapolis	—	300	Retailing (inheritance)
Dayton, Alida Rockefeller	147	Minneapolis	33	100	Oil (inheritance)
DeBartolo, Edward J.	105	Youngstown, Ohio	64	500	Shopping centers
de Menil, Dominique	138	Houston	74	100	Oil well services (inheritance)
Dempsey, John	123	Delaware, Ohio	68	200	Bulk containers
De Vos, Richard Marvin	114	Ada, Mich.	56	275*	Amway Corp.
Dikeou Family	162	Denver, Fla.	—	275	Real estate
Dillon, Clarence Douglas	138	Far Hills, N.J.	73	100	Investments
Dinner, Richard	145	San Francisco	61	100*	Real estate
Disney, Roy Edward	137	Los Angeles	52	150	Movies, parks, broadcasting
Dixon, Fitz Eugene Jr.	136	Philadelphia	59	150	Transportation (inheritance)
Dixon, Suzanne Searle	129	Chicago	51	200*	Pharmaceuticals (inheritance)
Donnelley Family	162	Orig. Chicago	—	400	Printing (inheritance)
Dorrance, John Thompson Jr.	124	Gladwyne, Penna.	63	200*	Campbell Soup (inheritance)

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Dorrance, John Thompson III	124	Wyoming	38	200*	Campbell Soup (inheritance)
Draper, Irene Carpenter	112	Rockland, Del.	71	333*	Du Pont Co. (inheritance)
Duke, Doris	124	Somerville, N.J., et al.	70	200	Tobacco (inheritance)
du Pont Family	162	Delaware and various	—	10,000	Du Pont Co. (inheritance)
du Pont, Alexis Felix Jr.	123	Kennett Pike, Del.	76	200	Du Pont Co. (inheritance)
du Pont, Edward Bradford	124	Wilmington, Del.	48	200	Du Pont Co. (inheritance)
du Pont, Evelyn Rebecca	141		57	125	Du Pont Co. (inheritance)
du Pont, Irénée Jr.	140	Christiana Hundred, Del.	62	125*	Du Pont Co. (inheritance)
du Pont, John Eleuthère	141	Newtown Square, Penna.	43	125	Du Pont Co. (inheritance)
du Pont, Marion	112	Virginia; S.C.	88	300	Du Pont Co. (inheritance)
du Pont, Pierre Samuel Family	164	Delaware area	—	8,500	Du Pont Co. (inheritance)
du Pont, Pierre Samuel III	112	Greenville, Del.	71	300*	Du Pont Co. (inheritance)
du Pont, William III	141	El Paso, Tex.	30	125	Du Pont Co. (inheritance)
du Pont, Willis Harrington	112	Palm Beach, Fla.	46	300*	Du Pont Co. (inheritance)
Durst, David	130	New York City	59	166*	Real estate
Durst, Roy	130	New York City	62	166*	Real estate
Durst, Seymour	130	New York City	66	166*	Real estate
Dyson, Charles H.	146	New York City	73	115	Conglomerator
Engelhard, Jane	116	New Jersey	60s	250	Mining (inheritance)
Entenmann Family	164	Long Island, N.Y.	—	194	Bakeries
Evans, James Emmett	139	Dade City, Fla.	82	135	Oranges
Evans, Thomas Mellon	134	New York City	72	150	Investments
Farb, Harold	118	Houston	59	200	Real estate
Farish, William Stamps III	137	Houston	43	100	Oil (inheritance)
Fasken, David	130	California	67	170	Oil
Faulkner, Mary Belin du Pont	112		75	300*	Du Pont Co. (inheritance)
Feinberg, Peter	153	Palm Beach, Fla.	72	100	Real estate
Ferry, Sandra (Rockefeller)	147	Cambridge, Mass.	47	100	Oil (inheritance)
Fetzer, John Earl	142	Kalamazoo	81	125	Broadcasting
Field, Frederick W. (Ted)	145	Newport Beach, Calif.	30	100*	Media (inheritance)
Field, Marshall V.	145	Chicago	41	100*	Media (inheritance)
Fisher, Larry	116	New York City	60s	250*	Real estate
Fisher, Max Martin	137	Detroit	75	150	Oil refining, real estate
Fisher, Zachary	116	New York City	60s	250*	Real estate
Flint, Lucile Evelena du Pont	140	Greenville, Del.	63	125*	Du Pont Co. (inheritance)
Forbes, Malcolm Stevenson	160	Far Hills, N.J.	63	(p.170)	Publishing
Ford Family	164	Detroit area	—	250	Ford Motor Co.
Ford, Kenneth W.	110	Roseburg, Ore.	74	500	Timber
Ford, William Clay	146	Grosse Point, Mich.	57	100	Ford Motor Co.
Frazier, Owsley Brown	142	Louisville, Ky.	47	93	Liquor
Fribourg, Michel	110	New York City	69	400	Grain
Frick, Helen Clay	148	Pittsburgh	93	100	Mining (inheritance)
Frontiere, Georgia Rosenbloom	114	Bel Air, Calif.	52	300	Investments (inheritance)
Fuqua, John Brooks	147	Atlanta	64	100	Fuqua Industries, Inc.
Galbreath, Daniel Mauck	134	Columbus, Ohio	54	150*	Real estate
Galbreath, John Wilmer	134	Columbus, Ohio	85	150*	Real estate
Gallo, Ernest	130	Modesto, Calif.	73	150*	Wines
Gallo, Julio	130	Modesto, Calif.	72	150*	Wines
Galvin, Robert W.	138	Barrington, Ill.	59	147	Motorola
Gary, Samuel	141	Denver	55	125	Oil

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Gates, Charles Cassius	110	Denver	61	420†	Gates Corp.
Gaylord, Edward L.	116	Oklahoma City	63	500†	Newspapers, TV
Getty, Gordon Peter	102	San Francisco	48	1,400	Oil (inheritance)
Gilmore, James S. Jr.	154	Kalamazoo, Mich.	56	100	Investments
Goldman, Sol	117	New York City	64	200	Real estate
Goldman, Sylvan Nathan	117	Oklahoma City	83	200	Supermarkets, real estate
Graham, Katharine	142	Washington, D.C.	65	100	Washington Post Co.
Graham, William A.	148	Miami Lakes, Fla.	58	100	Real estate
Grainger, David William	142	Skokie, Ill.	54	123	Motor distributor
Grant, Charles B.	124	Houston	61	200	Oil well supplies
Green, Dolly	117	Beverly Hills	70+	200	Oil (inheritance)
Greenewalt, Margaretta Lammot du Pont	140	Greenville, Del.	80	125*	Du Pont Co. (inheritance)
Griffin, Ben Hill Jr.	137	Avon Park, Fla.	71	150	Citrus grower
Groves, Franklin Nelson	145	Wayzata, Minn.	51	115	Heavy construction
Guccione, Robert Charles Joseph Edward Sabatini	12[illegible]	New York City	50	200	Publishing
Haas Family	164	San Francisco	—	425	Levi Strauss, Inc.
Hahn, Ernest W.	153	San Diego, Calif.	63	100	Shopping centers
Hall, Donald J.	124	Kansas City, Mo.	54	200*	Hallmark Cards
Hall, Joyce Clyde	124	Kansas City, Mo.	91	200*	Hallmark Cards
Hamilton, Marie Ingersoll	154	Strafford, Penna.	51	100	Campbell Soup (inheritance)
Hammer, Armand	136	L.A., NYC, Moscow	84	150	Oil, entrepreneur
Hamon, Jake Louis Jr.	116	Dallas	80	250	Oil, gas
Hardesty, Floyd Roger	136	Tulsa	44	150	Home building
Harriman, W. Averell	160	Washington, D.C.	90	100	Investments (inheritance)
Harris, Ann Clark Rockefeller	147	New York City	48	100	Oil (inheritance)
Hearst, David Whitmire	124	Beverly Hills	66	200	Publishing (inheritance)
Hearst, George Randolph Jr.	124	Los Angeles	55	100	Publishing (inheritance)
Hearst, Randolph Apperson	124	San Francisco	66	200	Publishing (inheritance)
Hearst, William Randolph Jr.	124	New York City	74	200	Publishing (inheritance)
Hefner, Robert A. III	136	Oklahoma City	47	150	Natural gas
Heinz, Henry John II	117	Pittsburgh	74	237	H.J. Heinz Co.
Helmsley, Harry Brakmann	105	New York City	72	750	Real estate
Hendrix, John	134	Midland, Tex.	46	150	Oil
Hess, Leon	114	New York City	67	275	Oil
Hewlett, William R.	105	Palo Alto, Calif.	69	650	Electronics
Hill, Margaret Hunt	102	Dallas	67	1,000	Oil (inheritance)
Hillman, Henry Lea	108	Pittsburgh	63	500	Industrialist
Hilton, William Barron	145	Los Angeles	55	115	Hilton Hotels
Hines, Gerald Douglas	136	Houston	56	150	Real estate
Hobby, Oveta Culp	124	Houston	77	200	Houston *Post*
Hoiles Family	164	Santa Ana, Calif.	—	250	Newspapers, tv
Hope, Leslie Townes (Bob)	114	North Hollywood, Calif.	79	280	Entertainer, real estate
Horvitz Family	164	Cleveland	—	200	Newspapers, const, real estate
Houghton Family	164	Orig. Corning, N.Y.	—	300	Corning Glass Works
Howard, Robert Staples	141	Rancho Santa Fe, Calif.	57	125	Newspapers
Hubbard, Stanley E.	129	St. Paul	85	175	Broadcasting
Hudson, Mary	156	Mission Hills, Kans.	69	100	Gas stations
Huffington, Roy M.	148	Houston	64	100	Oil
Hunt, Haroldson Lafayette (Hassie) III	105	Dallas	65	600	Oil (inheritance)
Hunt, Helen	118	Dallas	33	200*	Oil, rl estate (inheritance)

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Hunt, Lamar	104	Dallas	50	1,000	Oil (inheritance)
Hunt, Nelson Bunker	104	Dallas	56	1,000	Oil (inheritance)
Hunt, Ray Lee	118	Dallas	39	200*	Oil, rl est (inheritance)
Hunt, Ruth June	118	Dallas	38	200*	Oil, rl est (inheritance)
Hunt, Ruth Ray	118	Dallas	65	200*	Oil, rl est (inheritance)
Hunt, William Herbert	104	Dallas	53	1,000	Oil (inheritance)
Hunt-Meeks, Swanee	118	Denver	32	200*	Oil, rl est (inheritance)
Jobs, Steven P.	156	Los Gatos, Calif.	27	100	Apple Computer
Johnson, Belton Kleberg	134	San Antonio	52	150	Ranching
Johnson, John H.	156	Chicago	64	100	Publishing
Johnson, John Seward	130	Ft. Pierce, Fla.	87	170	Johnson & Johnson
Johnson, Samuel Curtis	110	Racine, Wis.	54	500	Johnson Wax
Jordan, Thomas	146	Healdsburg, Calif.	47	110	Oil
Kalikow, Harold	154	New York City	73	100*	Real estate
Kalikow, Peter	154	New York City	39	100*	Real estate
Kaskel, Howard	129	New York City	45	200	Real estate
Keck, Howard B.	129	Los Angeles	69	200	Superior Oil Co.
Keck, William Jr.	129	Los Angeles	71	100	Superior Oil Co.
Kennedy Family	164	Orig. Boston	—	300-500	Investments (inheritance)
Kerkorian, Kirk	139	Las Vegas	65	133	Entrepreneur
Kieckhefer, Robert H.	148	Prescott, Ariz.	64	100	Packaging
Kirby Family	164	Morris County, N.J.	—	200	Investments (inheritance)
Kleberg Family	164	King Ranch, Tex.	—	550	Ranching
Kluge, John Werner	138	New York City	67	140	Broadcasting
Knight, James L.	153	Miami	73	100	Knight-Ridder Newspapers
Knight, Philip H.	114	Beaverton, Ore.	44	275	Nike shoes
Koch, Charles G.	114	Wichita, Kans.	46	266*	Oil
Koch, David H.	114	New York City	41	266*	Oil
Koch, William I.	114	Boston	41	266*	Oil
Korein, Sarah	154	New York City	72	100	Real estate
Kroc, Raymond A.	111	Chicago	79	320	McDonald's
Laird Family	164	Delaware	—	400	Du Pont Co. (inheritance)
Landegger, Carl C.	134	New York City	51	150*	Industrialist
Landegger, George F.	134	Europe & Connecticut	44	150*	Industrialist
Lansky, Meyer	148	Miami Beach	80	100	Mob moneyman
Lauder, Estée	142	New York City	70+	125*	Cosmetics
Lauder, Joseph	142	New York City	70s	125*	Cosmetics
Lauder, Leonard	142	New York City	49	125*	Cosmetics
Lauder, Ronald	142	New York City	38	125*	Cosmetics
LeFrak, Samuel J.	110	New York City	64	500	Real estate
Levitt, William Jaird	148	Millneck, N.Y.	75	100	Home building
Lindner, Carl H. II	140	Cincinnati	63	132	Banking, insurance
Loeb, John Langeloth	152	New York City	79	100	Financier
Louis, John Jeffrey Jr.	114	Winnetka, Ill.	57	240	Johnson Wax (inheritance)
Lucas, George	152	San Anselmo, Calif.	38	100	Film producer
Ludwig, Daniel Keith	102	New York City	85	2,000	Shipping
Lunger, Mary Jane du Pont	147	New York City	65	100	Du Pont Co. (inheritance)
Lupton, John T.	112	Chattanooga, Tenn.	56	300	Coca-Cola bottler
Lurie, Robert Alfred	118	San Francisco	53	200	Real estate

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Lykes Family	164	Orig. Florida	—	1,000	Shipping, invest (inher.)
MacElree, Jane Cox	160	Newtown Square, Penna.	53	95*	Publishing (inheritance)
MacMillan, John Hugh III	142	Ft. Lauderdale, Fla.	54	116*	Cargill, Inc.
MacMillan, W. Duncan	142	Wayzata, Minn.	52	116*	Cargill, Inc.
Mandel, Jack N.	156	Shaker Heights, Ohio	70	75	Premier Industrial Corp.
Mandel, Joseph C.	156	Lyndhurst, Ohio	68	75	Premier Industrial Corp.
Mandel, Morton Leon	156	Shaker Heights, Ohio	60	75	Premier Industrial Corp.
Markkula, Armas Clifford Jr.	160	San Francisco	40	91	Apple Computer
Marriott, John Willard Sr.	118	Washington, D.C.	82	200+	Marriott Corp.
Mars, Forrest Sr.	104	Las Vegas; Virginia	78	1,000	M&M/Mars, Inc.
Marshall, Margaret Cullen	108	Houston	61	500*	Oil (inheritance)
Marx, Leonard	112	New York City	76	300	Real estate
Massey, Jack C.	156	Nashville, Tenn.	78	100	Entrepreneur
May, Cordelia Scaife	111	Ligonier, Penna.	54	400	Investments (inheritance)
May, Irene Sophie du Pont	140	Wilmington, Del.	82	125*	Du Pont Co. (inheritance)
Mayer Family	167	Madison, Wisc.	—	200	Food process (inheritance)
McCormick-Patterson Family	164	Chicago	—	1,000	Media (inheritance)
McGovern, Patrick J.	153	Nashua, N.H.	45	100	Publishing
McGraw Family	167	New York Area	—	250	Publishing
McLean, Malcolm Purcell	110	New York City	68	400	Trucking, shipping
McLendon, Gordon	153	Dallas	61	100	Broadcasting
McNeil, Henry Stack	130	Plymouth Meeting, Penna.	65	168	Pharmaceuticals
Mecom, John W. Jr.	137	Houston	42	150	Oil (inheritance)
Mellon, Paul	108	Upperville, Va.	75	500	Investments (inheritance)
Mellon, Timothy	148	Guilford, Conn.	40	100	Investments (inheritance)
Mendik, Bernard H.	154	New York City	53	100	Real estate
Meyerhoff, Joseph	148	Baltimore	83	100	Real estate
Milliken, Roger	111	Spartanburg, S.C.	66	400	Textiles
Mills, Alice Francis du Pont	123	Hobe Sound, Fla.	69	200	Du Pont Co. (inheritance)
Milstein, Paul	154	New York City	60	100*	Real estate
Milstein, Seymour	154	New York City	62	100*	Real estate
Mitchell, George P.	110	Houston	63	400	Oil, real estate
Moncrief, William Alvin Sr.	134	Ft. Worth	87	150*	Oil
Moncrief, William Alvin Jr.	134	Ft. Worth	62	150*	Oil
Moody Family	167	Galveston, Tex.	—	300	Insurance, banking (inher.)
Moore, Gordon E.	141	Santa Clara, Calif.	53	125	Intel Corp.
Morgan, Mary Clark Rockefeller	147	New York City	44	100	Oil (inheritance)
Mosbacher, Robert Adam	129	Houston	55	200	Oil
Murchison, Clint W. Jr.	114	Dallas	58	260	Oil, investments
Murdock, David H.	111	Bel Air, Calif.	59	400	Real estate, investments
Muss, Stephen	118	Miami Beach	54	200	Real estate
Newhouse, Donald	105	New York City	52	600	Newspapers, TV
Newhouse, Samuel I. Jr.	105	New York City	54	600	Newspapers, TV
Nielsen, Arthur Charles Jr.	216	Winnetka, Ill.	63	216	A.C. Nielsen Co.
O'Connor Family	167	Texas	—	600	Ranching (inheritance)
Olsen, Kenneth Harry	130	Lincoln, Mass.	56	157	Digital Equipment Corp.
O'Neill, Abby Milton	123	Oyster Bay, N.Y.	54	200	Oil (inheritance)
O'Neill, Laura Simpson	147	Mt. Kisco, N.Y.	28	100	Oil (inheritance)
O'Neill, Richard J.	134	San Juan Capistrano, Calif.	59	150	Real estate (inheritance)

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*Assuming equal shares in common fortune. †Family fortune individually allocated.

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	Page	Residence	Age	Worth ($ mil)	Source
Ono, Yoko	137	New York City	49	150	Music royalties (inheritance)
Packard, David	104	Los Altos Hills, Calif.	70	1,000	Hewlett-Packard Co.
Palevsky, Max	129	Los Angeles	58	200	Computers
Paley, William S.	138	New York City	80	140	Broadcasting
Park, Roy Hampton	140	Ithaca, N.Y.	71	130	Newspapers, broadcasting
Parker, Jack	129	New York City	67	200	Real estate
Parrish, Jesse J. Jr.	146	Titusville, Fla.	69	110	Citrus, cattle
Paulucci, Jeno F.	146	Duluth, Minn.	64	110	Food processing
Payson, Charles S.	142	Portland, Me.	83	120	Entrepreneur (inheritance)
Pearson, Edith du Pont	112	Greenville, Del.	70	300*	Du Pont Co. (inheritance)
Perot, H. Ross	111	Dallas	52	325	Computer services
Petersen, Robert Edward	153	Beverly Hills	56	100	Publishing
Petrie, Milton	118	New York City	80	225	Retailing
Pew Family	167	Philadelphia	—	200	Sun Co.
Phipps Family	167	Orig. Pittsburgh	—	1,200	Investments (inheritance)
Phipps, Howard Jr.	142	Westbury, N.Y.	48	120	Investments (inheritance)
Pictet, Marion MacMillan	142	Geneva, Switz.	49	116	Cargill, Inc.
Pitcairn Family	167	Philadelphia	—	400	Glass (inheritance)
Pope, Generoso Paul Jr.	140	South Palm Beach, Fla.	55	130	Publishing
Posner, Victor	123	Miami Beach	63	200	Financier
Pritzker, A. N.	111	Chicago	86	333*	Financier
Pritzker, Jay Arthur	111	Chicago	60	333*	Financier
Pritzker, Robert Alan	111	Chicago	56	333*	Financier
Pulitzer Family	167	St. Louis	—	400	Newspapers (inheritance)
Pulliam, Eugene S.	123	Indianapolis	68	200	Newspapers
Rains, Liliore Green	117	Beverly Hills	70+	200	Oil (inheritance)
Redstone, Sumner	160	Newton Center, Mass.	59	100	Drive-ins, investments
Reed, William Garrard Sr.	130	Seattle	74	170	Timber
Resnick, Burton	153	New York City	46	100*	Real estate
Resnick, Jack	153	New York City	75	100*	Real estate
Reynolds, Donald Worthington	129	Ft. Smith, Ark; Las Vegas	75	200	Newspapers, media
Rich, Marc	153	New York City	48	100	Oil trader
Richards, Roy	148	Carrollton, Ga.	70	100	Cable manufacturer
Robertson, Wilhelmina Cullen	108	Houston	59	500*	Oil (inheritance)
Robins, E. Claiborne	137	Richmond, Va.	72	150†	A. H. Robins Co.
Rockefeller, David	105	NYC, Tarrytown, N.Y.	67	1,000	Oil (inher.), investments, rl est
Rockefeller, Hope Aldrich	147	Woodstock, Vt.	44	100	Oil, real estate (inher.)
Rockefeller, John Davison IV	147	Charleston, W.Va.	45	100	Oil, real estate (inher.)
Rockefeller, Laurance Spelman	110	Tarrytown, N.Y.	72	450	Oil, real estate (inher.)
Rockefeller, Rodman Clark	147	New York City	50	100	Oil, real estate (inher.)
Rockefeller, Steven Clark	147	Middlebury, Vt.	46	100	Oil, real estate (inher.)
Rockefeller, Winthrop Paul	110	Winrock Farms, Ark.	34	400	Oil, real estate (inher.)
Rogers, Richard Raymond	146	Dallas	39	110	Mary Kay Cosmetics
Rollins, O. Wayne	116	Atlanta	70	250	Entrepreneur
Root, Chapman S.	123	Ormond Beach, Fla.	57	200	Coca-Cola bottler
Rosenberg, Henry A. Jr.	136	Baltimore	52	133*	Oil, real estate (inher.)
Rosenberg, Ruth B.	136	Baltimore	83	133*	Oil, real estate (inher.)
Ross, Wilhelmina du Pont	140	Greenville, Del.	76	130	Du Pont Co. (inheritance)
Rudin, Jack	116	New York City	58	250*	Real estate
Rudin, Lewis	116	New York City	55	250*	Real estate

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	Page	Residence	Age	Worth ($ mil)	Source
Rust, Eleanor Francis du Pont	140	Thomasville, Ga.	75	125*	Du Pont Co. (inheritance)
Scaife, Richard Mellon	108	Pittsburgh	49	500	Investments (inheritance)
Scharbauer, Clarence Jr.	114	Midland, Tex.	57	250	Oil (inheritance)
Schoellkopf, Caroline Hunt	102	Dallas	59	1,000	Oil (inheritance)
Scripps, E. W. Family	167	Orig. Cincinnati	—	650	Publishing (inheritance)
Scripps, Edward Wyllis	148	Charlottesville, Va.	73	100	Newspapers
Scripps, J.E. Family	167	Detroit	—	350	Newspapers (inher.)
Searle, Daniel Crow	129	Chicago	56	200*	Pharmaceuticals (inheritance)
Searle, William L.	129	Chicago	54	200*	Pharmaceuticals (inheritance)
Shakarian, David B.	116	Pittsburgh	68	250	Health food stores
Sharp, Bayard	123	Delaware; Florida	69	200*	Du Pont Co. (inheritance)
Sharp, Hugh Rodney Jr.	123	Wilmington, Del.	72	200*	Du Pont Co. (inheritance)
Sharp, Peter	152	New York City	51	100	Real estate
Sheehan, Jean Ellen du Pont	141	Coral Gables, Fla.	59	125	Du Pont Co. (inheritance)
Shelton, Robert	137	Kerrville, Tex.	46	150	Ranching
Shorenstein, Walter	114	San Francisco	67	250	Real estate
Silliman, Marianna du Pont	140	Montchanin, Del.	71	125*	Du Pont Co. (inheritance)
Silverstein, Larry A.	154	New York City	51	100	Real estate
Simon, Melvin	117	Indianapolis	55	200	Shopping centers
Simon, Norton Winfred	123	Los Angeles	75	200	Industrialist
Simplot, J.R.	110	Boise, Idaho	73	500	Potatoes
Simpson, Abby Rockefeller	147	New York City	25	100	Oil, real estate (inheritance)
Singleton, Henry Earl	156	Los Angeles	65	100	Teledyne
Smith, Athalie (Joan) Irvine	129	Middleburg, Va.; Calif.	49	110	Land (inheritance)
Smith, Frederick W.	156	Memphis, Tenn.	38	100	Federal Express Corp.
Smith, Kelvin	156	Cleveland	83	100†	Lubrizol Corp.
Smith, Margaret Lewis du Pont	124	Paoli, Penna.	52	200	Du Pont Co. (inheritance)
Smith, Rankin McEachern Sr.	156	Atlanta	57	100	Insurance (inheritance)
Smith, Richard Allan	156	Chestnut Hill, Mass.	56	100†	General Cinema Corp.
Smith, Vivian L.	123	Houston	76	200	Oil, real estate (inheritance)
Solow, Sheldon H.	148	New York City	40s	100	Real estate
Stark, Ray	146	Holmby Hills, Calif.	65	110	Movie producer
Stein, Doris Jones	138	Los Angeles	80	150	MCA, Inc. (inheritance)
Steinberg, Saul Phillip	140	New York City	43	130	Leasco, Reliance Group
Stern, Leonard Norman	108	New York City	44	500	Hartz Mountain Ind.
Stuart, Dwight Lyman	130	Los Angeles	58	155	Carnation Co. (inheritance)
Stuart, Elbridge Hadley Jr.	130	Bellevue, Idaho	65	100	Carnation Co. (inheritance)
Sutton, Robert B.	136	Breaux Bridge, La.	49	150	Oil reseller
Swig, Mel	145	San Francisco	65	100*	Real estate
Swig, Richard	145	San Francisco	57	100*	Real estate
Taper, Sydney Mark	146	Los Angeles	80	110	First Charter Fin. Corp.
Taubman, A. Alfred	108	Bloomfield Hills, Mich.	57	525	Shopping centers
Temple Family	167	Diboll, Tex.	—	200	Forest products, publishing
Thorne, Oakleigh Blakeman	123	Millbrook, N.Y.	50	200	Publishing
Thouron, Esther Driver du Pont	112	Southeast, Penna.	74	300*	Du Pont Co. (inheritance)
Tisch, Lawrence A.	112	New York City	58	300	Loews Corp.
Tisch, Preston R.	112	New York City	55	300	Loews Corp.
Trump, Donald John	145	New York City	35	100*	Real estate
Trump, Fred C.	145	New York City	76	100*	Real estate
Turner, R.E. (Ted)	118	Atlanta	43	220	TV, cable

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	Page	Residence	Age	Worth ($ mil)	Source
Turner, Tom E.	139	San Antonio	68	133†	Sigmor Corp.
Uihlein Family	167	Milwaukee	—	499	Beer
Upjohn Family	170	Kalamazoo, Mich.	—	315	Pharmaceuticals
Van Andel, Jay	114	Ada, Mich.	58	275*	Amway Corp.
Van Beuren, Hope Ingersoll	154	Middletown, R.I.	48	100	Campbell Soup (inher.)
Vesco, Robert	138	Caribbean area	47	100	Looted IOS, Ltd.
Vollum, Howard	139	Portland, Ore.	69	135	Tektronix, Inc.
Vose, Charles A. Sr.	138	Oklahoma City	81	150*	Banking
Vose, Charles A. Jr.	138	Oklahoma City	38	150*	Banking
Wagner, Cyril Jr.	105	Midland, Tex.	48	550*	Oil
Wallace, Lila Acheson	118	Mt. Kisco, N.Y.	91	200	Reader's Digest
Walls, Carmage	153	Houston	73	100	Newspapers
Walsh, F. Howard	146	Ft. Worth; Colorado Spgs.	69	200	Oil
Walton, Sam M.	105	Bentonville, Ark.	64	690	Wal-Mart Stores
Wang, An	129	Lincoln, Mass.	62	200	Wang Laboratories
Wang, Lorraine C.	129	Lincoln, Mass.	62	120	Wang Laboratories
Wartels, Nat	160	New York City	80	100	Crown Publishers
Wasserman, Lew R.	145	Beverly Hills; Palm Springs	69	115	MCA Inc.
Weiler, Alan	145	New York City	46	100*	Real estate
Weiler, Jack D.	145	New York City	77	100*	Real estate
Weinberg, Harry	117	Honolulu; Baltimore	74	200	Real estate
Weis, Robert F.	140	Sunbury, Penna.	63	100	Supermarkets
Weis, Sigfried	140	Lewisburg, Penna.	66	130	Supermarkets
Wexner, Leslie Herbert	153	Columbus, Ohio	45	100	Retailing
Weyerhaeuser Family	170	St. Paul, et al.	—	650	Timber (inheritance)
Wharton, Albert Buckman (Buck) III	136	Vernon, Tex.	35	150	Oil (inheritance)
Whitehead, Edwin C. (Jack)	123	Greenwich, Conn.	63	200	Medical Instruments
Whitney, Betsey Cushing	117	Long Island, N.Y.	74	250	Investments (inheritance)
Whittier Family	170	Southern California	—	375	Oil (inheritance)
Whittier, Leland K.	147	Southern California	75+	100	Oil (inheritance)
Whittier, N. Paul	147	Southern California	75+	100	Oil (inheritance)
Wien, Lawrence A.	154	New York City	77	100	Real estate
Williams, Clayton Jr.	137	Midland, Tex.	50	100	Oil
Wirtz, Arthur M.	112	Chicago	81	300	Real estate
Wolfe Family	170	Ohio	—	275	Newspapers, TV, banking
Woodruff, Robert Winship	140	Atlanta	92	130	Coca-Cola
Woodward, Helen Whittier	147	Southern California	75+	100	Oil (inheritance)
Zarrow, Henry	146	Tulsa	66	100	Oilfield supplies
Ziff, William B. Jr.	118	New York City	51	205	Publishing
Zimmerman, William	152	Laguna Beach, Calif.	62	100†	Retailing
Zuckerman, Mortimer B.	137	Boston	44	150	Real estate

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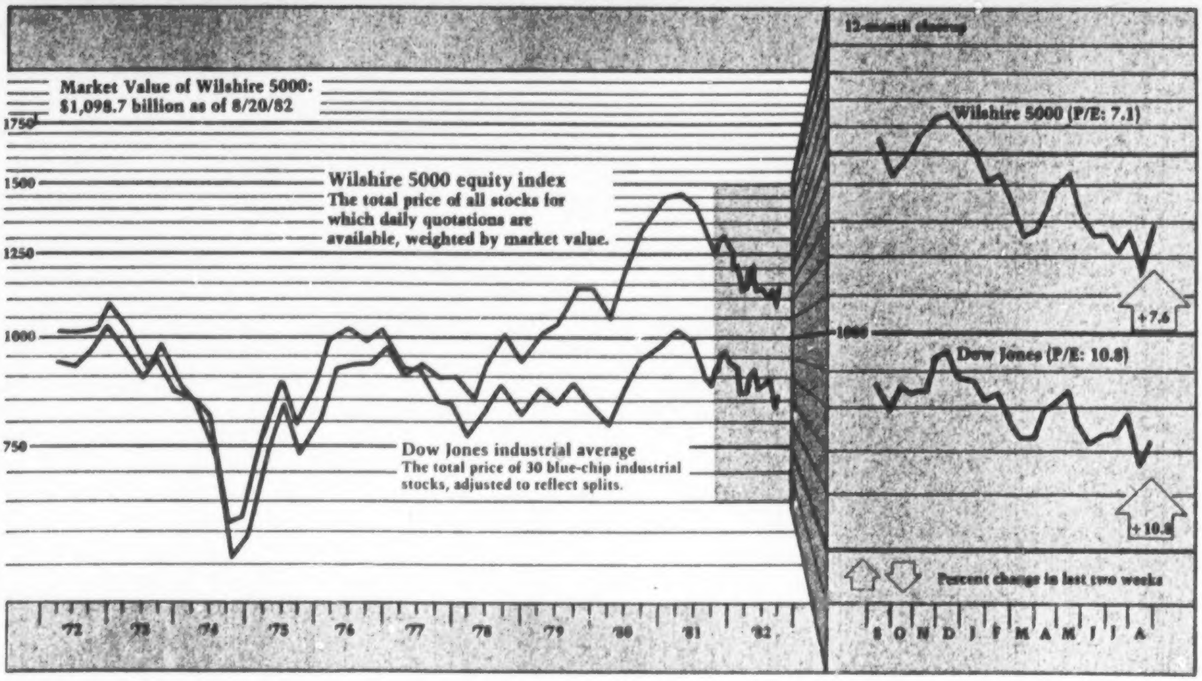
The Forbes/Wilshire 5000 Review



The real thing? So far this has been primarily an institutional rally, and the institutions have been buying big blocks of shares in big companies. Every major market indicator index has turned up. Buyers were grabbing whatever was closest at hand—namely blue chips. And they were playing stock-index futures.

This was a market for McDonald's (up nearly $8 a share in one week), General Motors (up $6.50) and IBM (up over $5). The Dow led the averages up, while broader indexes like the FORBES 500, listed here for the first time, and the NYSE climbed a little more slowly. The Wilshire, meanwhile, showed the drag of smaller issues—the same trend that kept the Amex and o-t-c well behind the Dow.

In this sense the mid-August 1982 rally has the earmarks of a true turnaround. The Dow and the institutions are leading—as they did in 1975. Gradually, then, over the following years, the smaller issues on the smaller exchanges caught up and eventually moved ahead. Now, watch what happens to them over the next few weeks to see if the similarity continues.

Close-up On The Equity Markets

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.8	1.9	4.7	1.3	–0.5	–3.0
in last 52 weeks	–16.0	NA	–5.6	–13.9	–29.9	–19.2

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–3.4	2.2	–3.8	–0.8	2.8	–1.4	–4.0	1.9	–1.4	–1.3
in last 52 weeks	–15.8	2.8	–26.8	–2.1	2.2	–6.7	–14.8	–1.6	–15.6	–14.3

[1] Based on sales.

[2] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.

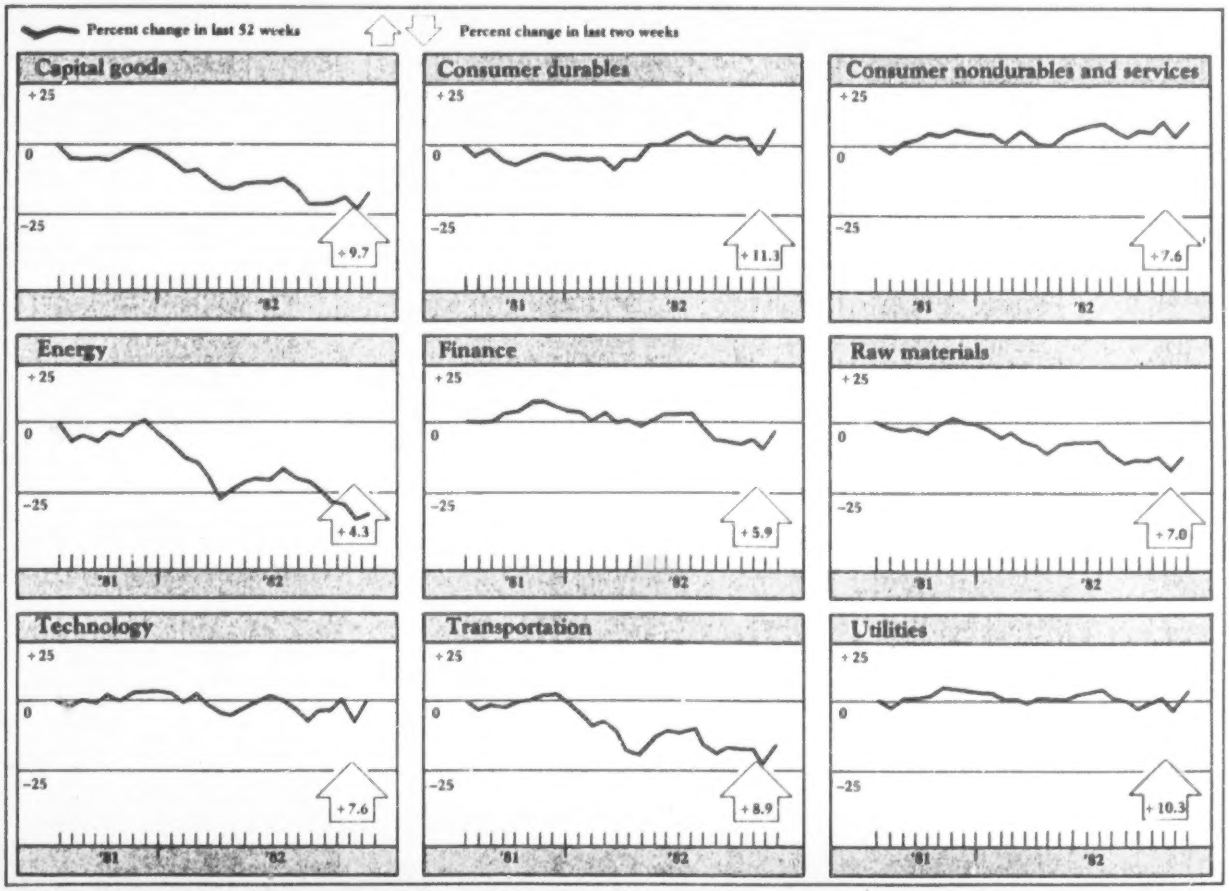
[3] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/20/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

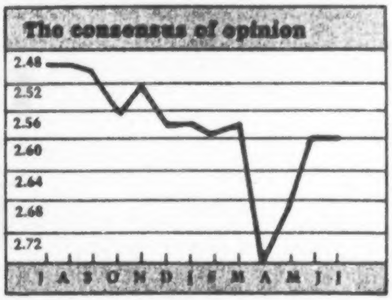
Nary a loser. The only unfortunates in this market were the short-sellers, who pushed prices up even more as they raced to protect their positions. The biggest runup came in consumer durables as investors decided Americans would be ready again to buy such items as autos, household appliances and outboard motors. Utility stocks, which have held strong through the 1982 bear market, bounced up as well. With interest rates tumbling, their 10%-to-12% yields continue to look good.

Raw materials also showed an uncharacteristic strength, partly as the threat to the Mexican peso sent a wave of investors into gold and silver and related stocks. At the moment, though, raw materials are lowest on the list of buy recommendations ranked below.



What The Analysts Think

They knew it was coming. Collectively, analysts turned optimistic about the market in April. But their enthusiasm leveled off later in the summer. As for industry groups, utilities and technology are current favorites. Note, too, that energy is moving up fast but raw materials remain decidedly out of style.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.36	3	1
2	Technology	2.40	1	3
3	Capital goods	2.4	2	9
4	Energy	2.53	7	7
5	Finance	2.65	4	5
6	Transportation	2.67	5	4
7	Consumer nondurable	2.69	8	5
8	Consumer durables	2.70	6	7
9	Raw materials	2.75	9	2

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 8/20/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

The companies in this table are fast-growing and profitable, but they aren't sending out fat quarterly dividend checks.

Corporate skinflints

By Steve Kichen

MOST OF THE 30 companies in the table below pay out none of their profits to shareholders. These managements would rather keep money in the business, reinvest and build up earnings per share or book value. Why such parsimony? If the strategy works it can pay off handsomely. Shareholders take profits through capital gains generated by selling higher-priced stock—and the taxman gets far less than he does at dividend time.

To generate our list we screened New York Stock Exchange companies to find those with no dividends at all or token payments of less than 10% of earnings. We then demanded a return on equity of greater than 9.9%, a five-year earnings growth rate of 8% or better, a debt/equity ratio of less than or equal to 70% and current earnings per share of at least $1.

The group falls into two loose categories. First, there are companies run by chief executives who don't think paying fat dividends is good policy—men like Howard Newman at Western Pacific, Tom Murphy at Capital Cities Communications and Henry Singleton at Teledyne. Then there are high-growth outfits that want every nickel to finance investment programs. Examples include Digital Equipment and Rowan Cos.

Another common thread among these corporate skinflints is a high level of stock ownership by insiders. Companies like Hewlett-Packard and Superior Oil, for example, are largely controlled by founding families with no immediate need for quarterly spending money. They prefer the benefits of long-term stock appreciation.

If you're in a similar situation, the companies on this list are prime investment possibilities—especially since many are at their lows.

Coupon clippers, look elsewhere

Company/business	Recent price	52-week price range	—Latest 12-month— EPS	P/E	Payout ratio	Debt/ equity ratio	Return on equity	5-year earnings growth
Applied Magnetics/computer equip	13⅞	23 –10¾	$1.71	8	—	1%	13.3%	17.8%
Archer-Daniels-Midland/food processing	13½	20¼–12¼	2.04	7	7%	51	16.8	26.5
Aydin/electronics	31½	34⅜–16⅝	2.09	15	—	11	18.3	22.4
Bally Manufacturing/hotels, gambling	26	32⅜–20½	3.41	8	6	40	20.7	34.4
Cameron Iron Works/oilfield equip	17	53 –16	5.20	3	8	42	21.7	30.7
Capital Cities Comm/broadcasting	72½	80½–64⅜	6.49	11	3	20	18.1	19.1
Coleco Inds/toys	14⅝	19 – 6⅛	1.74	8	—	36	16.2	60.9
Commodore Intl/computer equip	30¾	40¼–16⅛	2.28	13	—	52	40.4	70.8
Computer Sciences/computer services	12⅛	17⅜–11⅛	1.29	9	—	42	14.9	18.9
Computervision/computer equip	21½	39⅞–19⅛	1.43	15	—	20	21.9	71.5
Cray Research/computer equip	23	39¾–20	1.43	16	—	13	19.1	90.6
Criton/aerospace	28	29 –20⅛	4.45	6	—	6	23.2	69.8
Data General/computer equip	22½	58⅞–20⅜	3.09	7	—	38	10.7	9.5
Digital Equipment/computer equip	66¼	102½–61¾	7.53	9	—	3	12.8	23.4
GCA/electronics	13⅝	41⅛–11⅛	2.16	6	—	37	23.0	78.0
General Housewares/household prods	7¾	10½– 6	1.58	5	8	70	23.2	8.4
Helmerich & Payne/oil & gas, servs	14¾	48⅝–13⅝	3.32	4	8	32	24.5	32.8
Hewlett-Packard/electronics	42⅜	48⅝–36	2.81	15	9	1	16.3	23.2
Moran Energy/oil & gas	8	26⅞– 7¾	1.69	5	7	67	17.5	18.6
Noble Affiliates/oil & gas, servs	9¼	23 – 8⅜	1.95	5	6	36	24.8	21.1
Parker Drilling/oilfield services	10⅛	28⅛–[illegible]	3.08	3	5	69	25.4	27.8
Prime Computer/computer equip	18	25⅞–[illegible]	1.38	13	—	41	26.5	67.9
ROLM/telecommunications	25½	36⅞–[illegible]	1.70	15	—	29	19.5	81.0
Rowan Cos/oil & gas servs	8½	19⅞– 7	2.91	3	3	22	27.2	50.4
Superior Oil/oil & gas	23⅝	43¾–22	2.63	9	8	53	16.8	67.3
Tandy Corp/consumer electron	25⅞	39⅛–22¾	2.10	12	—	22	29.7	27.4
Teledyne/electrical equip	80¼	157¾–69½	17.59	5	—	35	24.2	27.5
Thermo Electron/machinery	12⅞	25⅝–11⅜	1.77	7	—	58	10.1	27.9
Western Pacific Inds/precision inst	53	63¾–48⅛	9.14	6	—	65	25.8	17.9
Whitehall Corp/indust prods & svs	20¼	24⅝–12⅛	1.81	11	—	7	26.1	26.3

Source: Wilshire Associates

SEPTEMBER 27, 1982 TWO DOLLARS AND FIFTY CENTS

C3950-1 9/17/82

Forbes

GENERAL MOTORS

ARE THE OLD WAYS STILL THE BEST WAYS?

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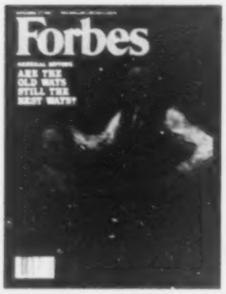
Forbes

September 27, 1982
Volume 130,
Number 7



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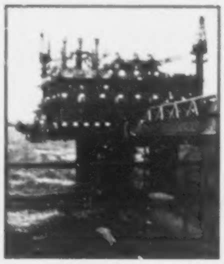

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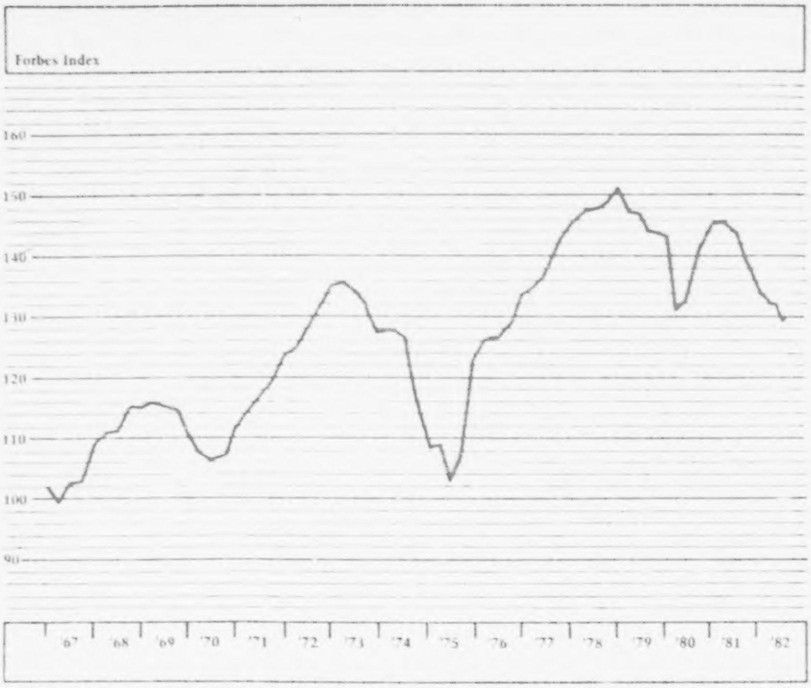
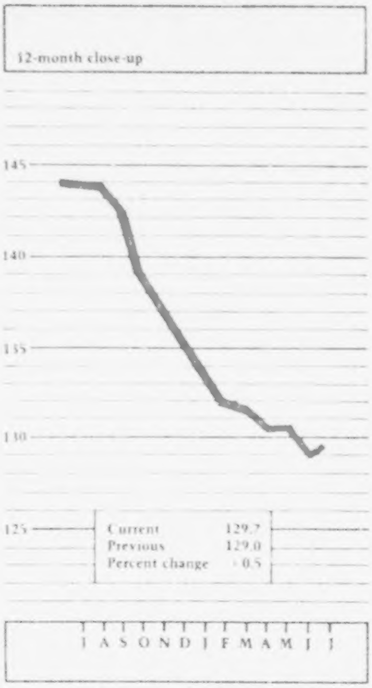
The Forbes Index





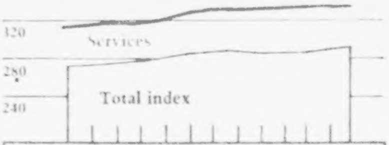
Onward and upward—again. The Forbes Index has posted its second consecutive gain. After three months of decreases, manufacturing orders vaulted 4%. There was also good news on the inflation front: The Consumer Price Index posted a meager 0.6% rise, against gains of 1% and 1.2% in May and June. Prices in service-related industries, meanwhile, rose by only 0.6%, compared with a 0.9% jump during the previous reporting period.

But not all the news was good. Manufacturers are still trimming inventories. That means the fuel for the recovery will have to be provided, at least initially, by consumers. They should step up their spending when the recent decline in interest rates spreads to installment loans, which have held steady at 18% or higher.

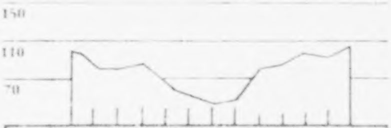
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.**

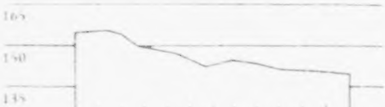
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



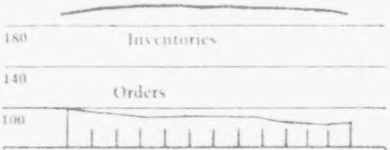
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



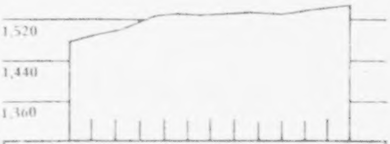
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



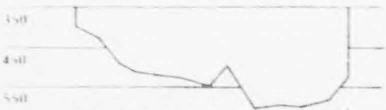
Industrial production index (1967=100)
Seasonally adjusted (Federal Reserve)



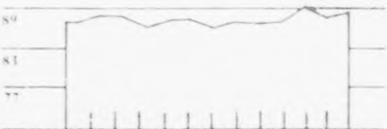
Manufacturers' new orders and inventories
($billions) seasonally (Dept. of Commerce)



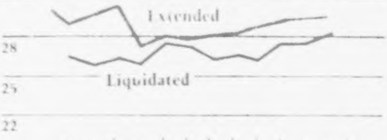
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)

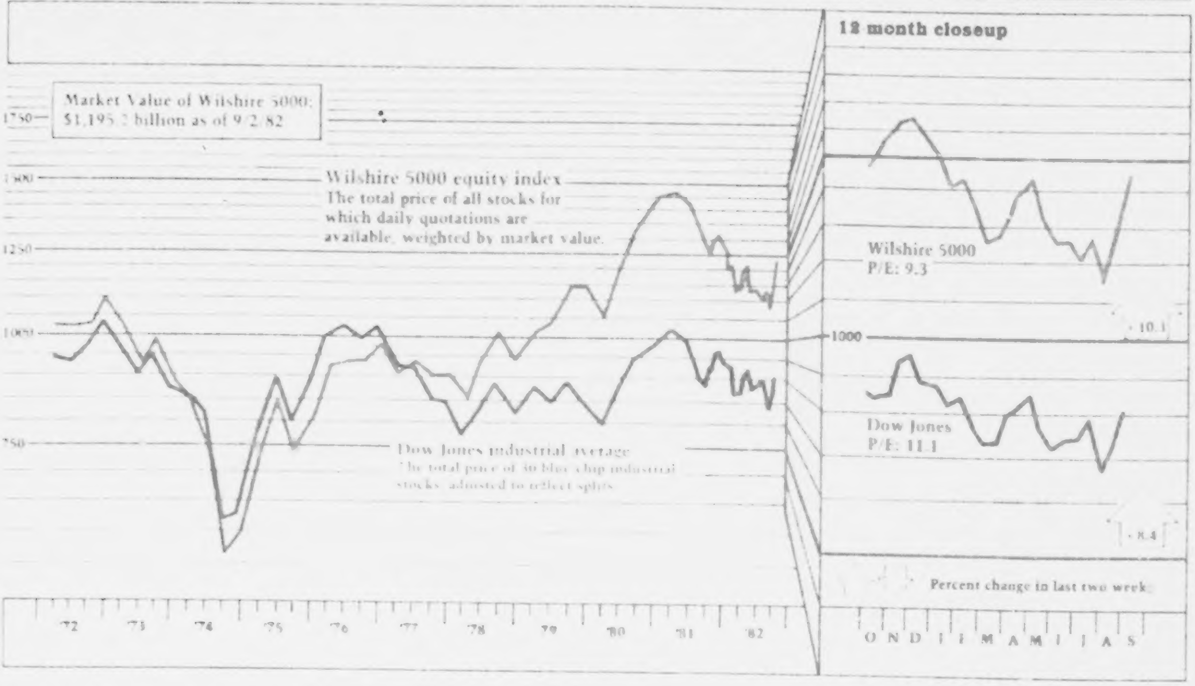


Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

The Forbes/Wilshire 5000 Review



Waiting for the wild card. This rally is the result of a headfirst plunge into blue chip securities by foreign and institutional investors. Individual investors are largely still on the sidelines. Over the last week money market fund assets decreased by only $899 million, while the Wilshire index shows that total market capitalization jumped by almost $100 billion over the last two weeks. What next? Fear of missing the rally may coax more investors into the market. Then again, Wall Street may suddenly lose its euphoria because of sluggish economic performance.

Interest in blue chips, meanwhile, remains strong. The 30-stock Dow is a limited shopping list, and during this rally it has scored handsome gains. Thus the movement into other quality areas of the market. While the Dow continued its strong momentum and gained 8.4% during the last two weeks, it lagged the broader NYSE and Forbes 500 indexes. Each of these was up more than 10%. Another encouraging sign is the even stronger performance of the Amex, which gained 13.2%. NASDAQ issues moved up in line with the Dow—an indication that quality rather than speculation is motivating investors.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	13.6	14.3	14.3	14.1	13.6	8.7
in last 52 weeks	−3.7	NA	4.9	−1.8	−16.7	−6.5

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
		low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	13.0	5.5	10.3	10.4	7.7	9.4	12.4	8.2	12.8	7.1
in last 52 weeks	3.2	8.3	−11.7	11.7	9.0	8.5	3.9	7.8	−1.9	−2.7

NA: Not available

[1] Based on sales.

[2] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.

[3] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/2/82. Prepared by Wilshire Associates, Santa Monica, Calif.

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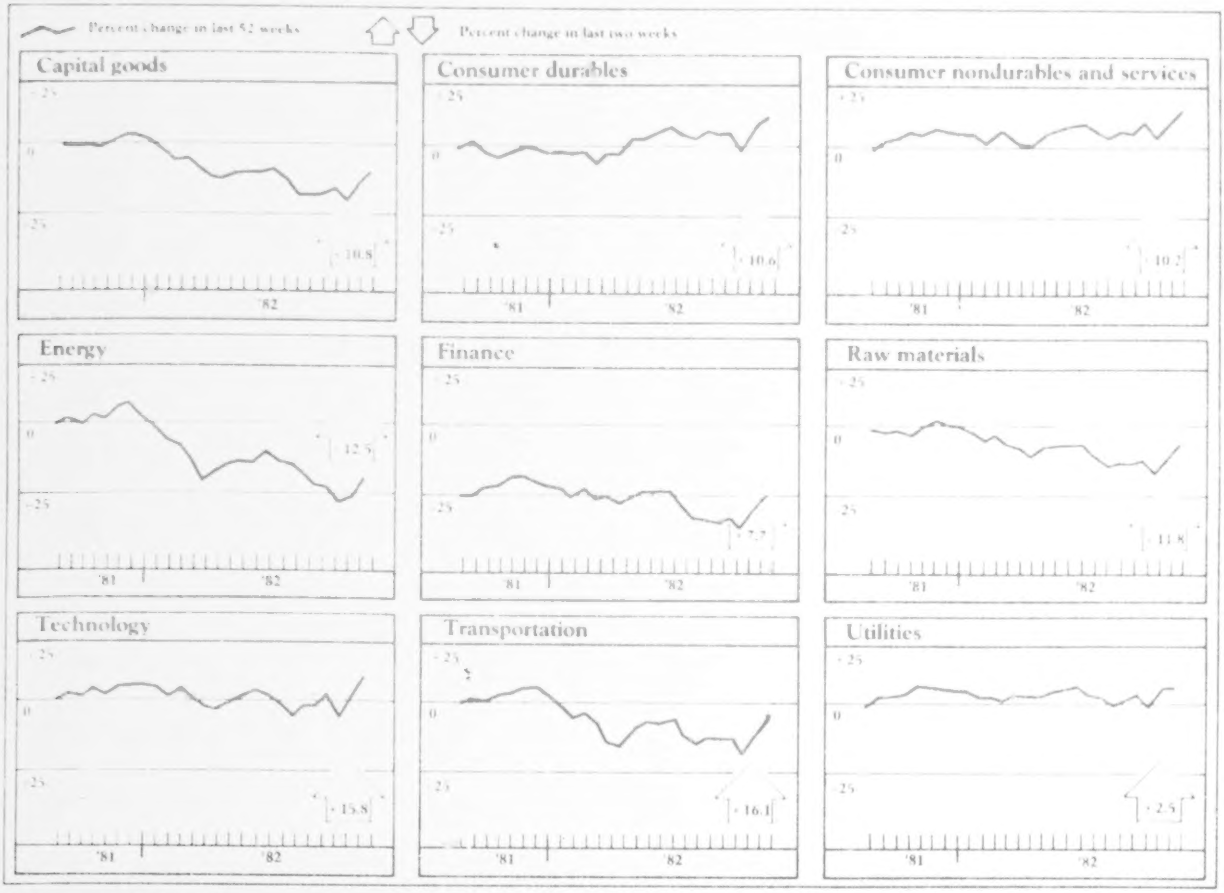
Where The Action Is

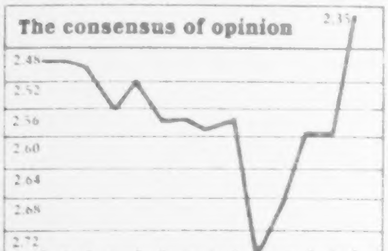
On the offensive. Wall Street has finally lost its fascination with defensive stocks. With a slim 2.5% two-week gain, utilities were the weakest sector. Investors, it seems, now see better opportunities in other areas—despite the enhanced attractiveness of utilities' double-digit yields in an environment of declining interest rates.

Transportation issues, meanwhile, gained more than 16%, with a number of trucking companies, railroads and airlines hitting 52-week highs. Technology stocks, spurred by a more than 3-point one-week gain in IBM, were ahead by 15.8%. And energy stocks restored some of their 52-week losses with a 12.5% advance.



What The Analysts Think

Looking for Mr. Consumer. Over the last two weeks analysts moved consumer nondurable issues all the way from seventh to first place in their ranking of buy recommendations. Meanwhile utilities dropped from first to fourth. Given the enormous jump in Wall Street volume, the finance sector moved up smartly, too.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Consumer non-durable	2.08	2.69	2.69
2	Finance	2.27	2.65	2.66
3	Technology	2.34	2.40	2.40
4	Utilities	2.35	2.36	2.44
5	Energy	2.40	2.53	2.63
6	Capital Goods	2.47	2.49	2.50
7	Transportation	2.65	2.67	2.76
8	Raw materials	2.66	2.75	2.76
9	Consumer durables	2.69	2.70	2.69

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 9/2/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

Some cyclical stocks are already moving up in the current rally. But others are not. Here's a list of the current laggards.

Smokestacks on the sidelines

By Steve Kichen
and Paul Bornstein

IT'S REGULARLY BOOM or bust for both profits and share prices of cyclical companies. That's largely why there isn't much glamour in basic businesses like steelmaking, construction, machinery and paper products. But now that Wall Streeters sniff economic recovery in the air, sharp-eyed and venturesome investors spy the potential for substantial gains in boring smokestack industries.

Consider this: In 1975 when the S&P's 500 recovered 31.5% from the 1974 economic setback, S&P's auto parts index jumped 75.8%, while paper companies and chemical companies advanced 50.1% and 47.1%, respectively. The depth of the current recession presents similar opportunities. For instance, John Henry, chemical analyst at E.F. Hutton, says: "The prices of fertilizer stocks already reflect the problems of grain surplus and high interest rates. But they don't reflect the potential turnaround." Henry in recent weeks put buy recommendations on many fertilizer and chemical companies.

When the market caught fire in August, in fact, many of the cyclicals missed out on the excitement. To get a closer look at these laggards, we asked William O'Neil & Co. to run some special screens on its computers. For starters we wanted only those industrial firms with what statisticians term a "relative strength" of 45% or less. That means these stocks were well down in the weaker half

Steel

Foreign competition, overcapacity, high labor and regulatory costs and weakened balanced sheets make most of these steelmakers long shots for a dynamic post-recession comeback. These issues are largely at the bottom of their five-year price ranges, and in addition several sell at steep discounts from book value.

Company	Recent price	5-year price range	5-year earning range high	5-year earning range low	5-year return on equity	Debt/equity	Book value per share	EPS est 1983
Armco	16¼	41¾–15¼	$4.97	$2.53	12%	28%	$39.60	$2.05
Athlone Inds	17¼	30 –13	5.16	1.14	16	124	23.52	NA
Bethlehem Steel	18⅜	32 –14⅛	6.31	-10.27	6	35	63.26	2.25
Carpenter Technology	32½	53 –20½	5.20	3.85	17	2	32.29	NA
Copperweld	16½	31¾–10¼	4.34	1.34	12	35	18.93	2.25
Eastmet Corp	4⅜	16½– 3¼	2.27	-2.65	7	75	15.46	NA
LB Foster	6½	18 – 3½*	2.80	1.16	27	173	4.14	NA
Interlake	27⅜	45 –21⅜	7.59	1.77	9	35	57.45	7.00
Kaiser Steel	19¾	50¼–13¾	12.84	2.40	13	93	36.10	NA
Laclede Steel	7⅜	18½– 7⅛	2.45	-3.87	2	38	28.39	NA
LTV	10½	26⅝– 5¼	7.97	-5.03	18	101	26.31	4.35
Lukens	10½	19 – 8¼	2.48	0.90	6	21	27.37	1.60
National Steel	17½	35¾–13⅞	6.56	0.11	5	45	79.88	2.05
NVF	1⅜	7 – 1	0.59	0.01	10	265	2.84	NA
Phoenix Steel	1½	5¼– 1⅛	0.18	-2.22	64	NM	0.47	0.15
Quanex	8¼	29½– 5⅝	3.05	0.85	21	31	12.18	1.20
Republic Steel	17¾	32⅜–15¼	8.48	2.54	7	36	102.64	3.00
Sharon Steel	2⅜	10⅜– 1⅛	0.71	-0.03	7	240	2.71	NA
US Steel	20¼	35¼–16	7.57	-4.46	5	35	70.18	3.15
Valley Inds	5¼	16 – 4⅛	1.65	0.32	12	40	7.84	0.85

*Price range for less than five years. NA: Not available. NM: Not meaningful.

Source: William O'Neil & Co.

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Statistical Spotlight

the market in overall performance over the past 12 months. Since we were also interested in stocks that are undervalued relative to their five year price-to-earnings multiple, we eliminated all issues selling at more than 3 times their lowest earnings multiple over the past five years.

Some companies—like steelmakers Quanex and Armco—showed up on our screen of cyclical stocks even though they had achieved five straight years of earnings growth. We included them in our table only if the earnings estimate for the next fiscal year indicates a decline. Our logic: Perhaps such firms really haven't avoided the recession; they have just managed to look resilient for a longer period of time.

The result of our efforts is a list of cyclical companies that Wall Street is ignoring. Investors have no overwhelming confidence in the ability of these companies to make a comeback in the near future. Our list, of course, would have been larger were it not for the recent market surge. Thanks to the rekindled interest in such well-known names as General Motors,

Equipment and parts

The fortunes of most of these companies are tied to the health of autos, construction and agriculture. Earnings estimates indicate that 1983 is likely to be a lean year, but it could change if broader economic conditions improve. The more troubled firms in this group are selling at steep discounts from book value.

Company	Recent price	5-year price range	5-year earning range high	5-year earning range low	5-year return on equity	Debt/equity	Book value per share	EPS est 1983
American Hoist & Derrick	11⅞	26½–8¾	$3.60	$2.57	11%	48%	$31.67	$1.40
Bucyrus-Erie	13	27½–10¼	2.75	1.84	13	44	19.69	1.60
Caterpillar Tractor	38⅛	73¼–34½	6.64	5.16	17	25	43.84	3.20
CCI Corp	10	17¼–4¼	3.05	1.18	19	53	14.58	NA
Cross & Trecker	15¾	41¾–5¼	3.32	0.81	21	7	15.16	0.80
Fruehauf	16⅞	40–15¼	7.28	1.74	10	79	42.27	2.55
Harnischfeger	7¼	26–6¼	2.93	-0.13	7	48	23.16	0.05
International Harvester	4⅝	45½–2¾	12.01	-12.49	NM	134	45.88	NA
Kennametal	26	42¼–13	3.06	1.89	18	17	17.49	3.00
AO Smith	8¾	24⅞–7⅝	6.01	-0.36	6	46	43.07	1.25
Stanadyne	26¾	46¼–19¼	5.27	2.80	16	19	29.56	5.75

NA: Not available NM: Not meaningful

Source: William O'Neil & Co

Chemicals

These five diversified chemical and fertilizer firms could benefit from a weaker dollar and stronger domestic and foreign economies. But until there are clearer signs that business is about to improve, the companies should continue to trade at the lower end of their five-year ranges—which still leaves room for price gains.

Company	Recent price	5-year price range	5-year earning range high	5-year earning range low	5-year return on equity	Debt/equity	Book value per share	EPS est 1983
Beker Inds	4⅞	25–2⅞	$3.16	$-2.66	8%	43%	$10.12	NA
First Mississippi	7⅝	30⅝–3¼	1.63	0.20	16	38	6.85	NA
Intl Minerals & Chemical	28⅛	66½–22¾	5.63	4.41	16	50	36.96	NA
Univar	15¾	35–6¼	3.21	1.20	17	85	17.34	NA
Williams Cos	15⅛	49⅞–12⅞	5.07	0.40	10	65	34.51	$2.20

NA: Not available

Source: William O'Neil & Co

Paper and packaging

Weak demand, both domestic and foreign, is hurting these paper and package makers. Improvement in the overall economy would obviously help, and that's why many analysts expect better earnings in 1983. Nevertheless, next year's earnings for most of these companies aren't expected to top their five-year peaks.

Company	Recent price	5-year price range	5-year earning range high	5-year earning range low	5-year return on equity	Debt/equity	Book value per share	EPS est 1983
Chesapeake Corp of VA	22⅛	39⅞–12⅝	$4.22	$1.44	15%	41%	$26.29	$2.80
Crown Zellerbach	18⅛	62¾–15¼	5.24	2.47	9	51	45.51	2.60
Federal Paper Board	20⅝	39¼–12½	4.61	0.99	14	187	26.76	4.45
PH Glatfelter	24½	36½–17½	5.15	3.25	15	4	33.56	5.00
Hammermill Paper	24½	35¾–16¼	5.57	2.51	12	66	45.61	5.05
Longview Fibre	18½	40–14½	3.36	0.11	10	67	15.12	1.10
Mead Corp	16¼	33⅞–13½	5.42	4.00	15	83	33.83	3.05
St Regis Paper	21⅛	42½–17½	5.20	3.36	12	54	42.59	3.50
Scott Paper	16⅞	28½–12	3.52	2.41	11	39	30.20	3.10
Southwest Forest Inds	9⅞	28⅞–7¼	3.53	1.13	9	103	27.16	1.25
Westvaco	20¾	30½–15½	3.95	2.45	14	39	26.68	3.65

Source: William O'Neil & Co

Ford, Wheeling Pittsburgh Steel and Newmont Mining, they dropped off our relative strength screen.

Some of the pessimism here stems from what analysts see as fundamental changes in many industries. Today's "undervaluation," they think, may become a permanent condition. Aluminum is but one example. "There is still a lot of overcapacity, and there is no longer a materials substitution factor," says Merrill Lynch's Steven Resnick. He sees another looming problem, too: "This is an energy-intensive industry, and many firms have low-cost energy contracts that are running out."

Much the same may be true for steel, according to Ben Rice of Chemical Bank's trust department. "There is greater competition than ever today," he explains. "And in a period of disinflation, with plants running below 45% of capacity, it is a poor time for the price hikes that the industry needs badly."

By our analysis, however, cheap is where you find it—and, based on the latest 12 months' earnings, 24 of the 77 companies are selling at a P/E multiple of 6 or less. Of this group more than 40% are selling at a multiple of 5 or less, based on the earnings estimate for the next year. Look closely at Hammermill Paper, Scott Paper, National Can and LTV.

A reduction in interest rates will obviously strengthen the balance sheets of the cyclicals. But another important benefit is that a drop in rates should mean a weaker dollar overseas. This is of particular value to many of these export-sensitive firms.

Our group of cyclicals, of course, lost plenty of ground in the market decline that started in the summer of 1981. But the majority of these firms have responded to their falling fortunes by making deeper than usual cuts in excess personnel, inventory and capacity. They are now leaner and meaner, which should translate into reduced downside risk in terms of stock prices. Enjoy our shopping list—and remember, Wall Street's bargain counter is getting smaller every day. ■

Metals and mining

With many mining companies now selling their output for less than the cost of production, it's no surprise that this diversified group of firms has shown relatively lackluster stock market performance over the past 12 months. With few exceptions 1983 earnings are expected to be much closer to five-year lows than highs.

Company	Recent price	5-year price range	5-year earning range high	5-year earning range low	5-year return on equity	Debt/equity	Book value per share	EPS est 1983
Ampco-Pittsburgh	12⅞	26¾– 9	$3.92	$1.36	12%	112%	$25.40	$1.45
Cleveland-Cliffs Iron	20⅝	46¼–16	4.12	2.14	14	10	30.11	2.20
Commercial Shearing	11	20½– 8⅝	1.92	1.13	15	6	11.77	1.50
Diversified Inds	2	8¾– 1	0.92	–2.76	3	23	3.34	NA
Eastern Gas & Fuel Assoc	17¼	32½–13	2.65	0.59	11	65	20.81	3.60
Hanna Mining	19	41¼–16½	6.14	2.88	10	16	49.22	2.15
Harsco	15⅝	21⅝–13	3.15	2.26	15	32	19.86	3.00
Kaiser Aluminum & Chem	13¾	30¼–11½	5.91	2.77	14	61	34.77	1.35
National Can	17¼	26⅝–13½	5.04	1.20	11	44	36.05	3.85
Phelps Dodge	22⅛	48½–17⅝	5.06	0.64	7	51	52.32	–0.40
Pittston	14	34¾–11⅞	2.14	0.67	8	20	17.66	1.50
Revere Copper & Brass	9⅝	25⅞– 8⅛	4.50	1.64	11	91	33.16	1.55
Westmoreland Coal	17¼	42½–14	2.62	–2.17	NM	50	23.97	3.45
Wyman-Gordon	17½	27 – 7⅞	3.05	1.15	18	10	12.67	2.85

NA: Not available NM: Not meaningful

Source: William O'Neil & Co

Construction

These firms are prime beneficiaries of lower interest rates. Should the cost of borrowing money continue to fall, their share prices are likely to benefit from pent-up demand and increased economic activity. High five-year return on equity figures for several of these companies show their earning power in better times.

Company	Recent price	5-year price range	5-year earning range high	5-year earning range low	5-year return on equity	Debt/equity	Book value per share	EPS est 1983
American Standard	22⅝	43¾–16⅛	$5.00	$2.82	21%	41%	$24.23	$3.40
Bird & Son	7½	26 – 4⅝	3.94	–6.50	NM	36	18.28	1.25
Butler Mfg	22½	32¾–18½	4.21	2.92	13	27	29.92	[illegible]
Cal Portland Cement	18[illegible]	28⅞–11⅛	3.49	1.92	16	33	22.85	
Crane	20⅝	45⅞–17¾	5.87	3.23	13	67	41.77	
GAF	10	16⅞– 7¼	2.29	–3.69	11	144	4.18	
Edward Hines Lumber	14½	26¼–13	6.17	–3.31	5	26	44.72	
Koppers	13⅛	35¼–11¼	3.27	1.58	10	40	25.82	2.40
Manville*	4⅝	34¾– 4¼	5.62	1.53	7	42	51.14	2.00
McQuay-Perfex	11¼	17⅞– 7¾	2.43	1.67	13	32	20.62	2.25
Nucor	43⅛	82¼–11½	6.62	1.92	24	39	30.50	4.60
Pacific Lumber	18¾	34 –15	2.09	1.36	25	8	8.66	1.60
Pittsburgh-Des Moines	15¼	60 –10	4.54	2.62	15	23	26.65	NA
Potlatch	25	49¼–19	4.69	3.24	12	64	35.55	2.15
Trinity Inds	11	30¾– 4	2.95	0.63	24	38	11.21	1.90
Tyler Corp	16¼	29⅞–10⅛	2.91	1.83	20	144	8.57	2.15

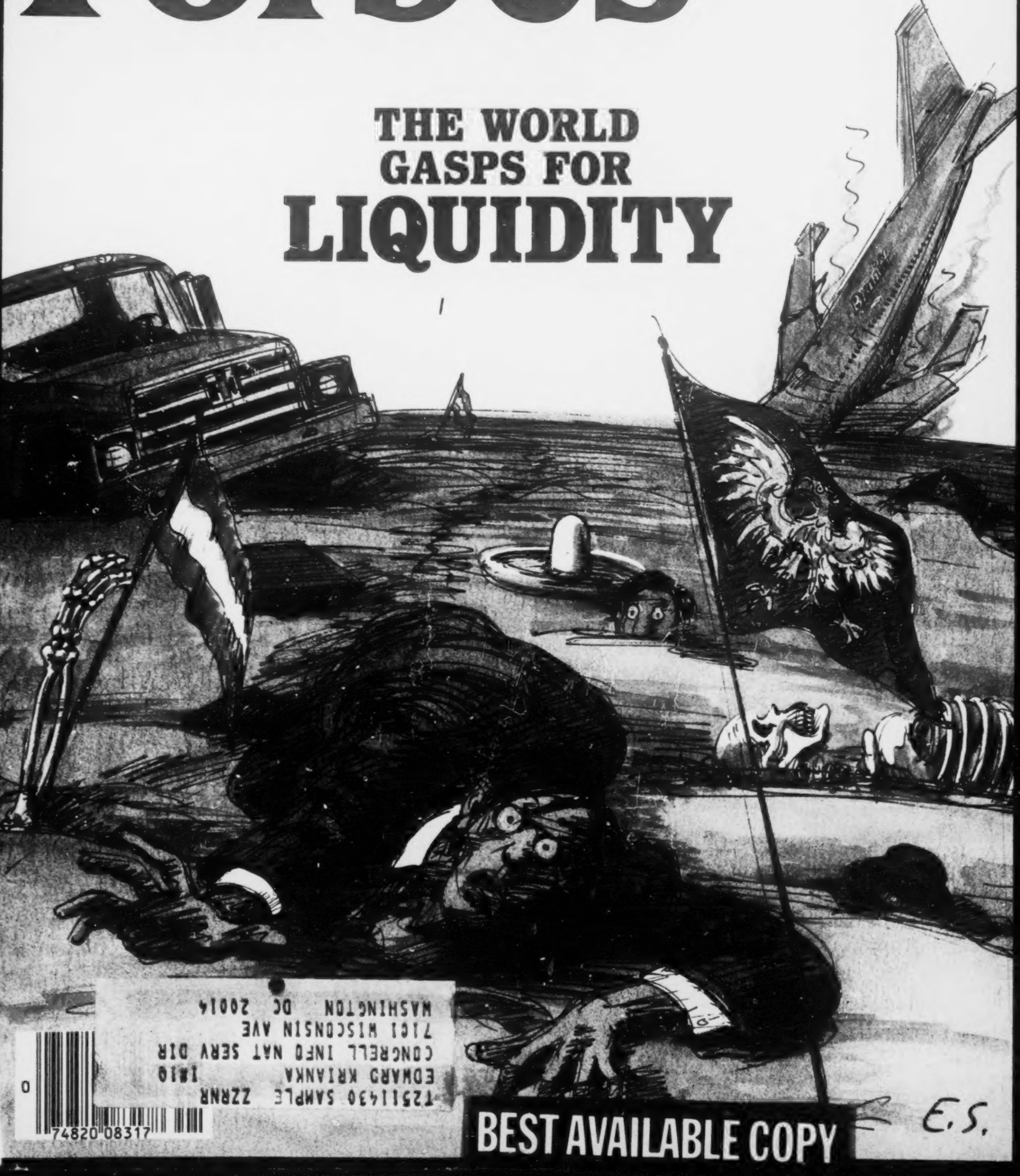
*In Chapter 11 NA: Not available NM: Not available

Source: William O'Neil & Co

OCTOBER 11, 1982 TWO DOLLARS AND FIFTY CENTS

Forbes

THE WORLD GASPS FOR LIQUIDITY



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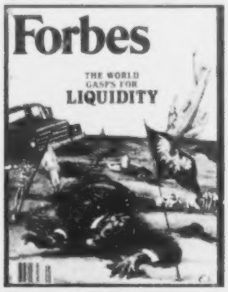

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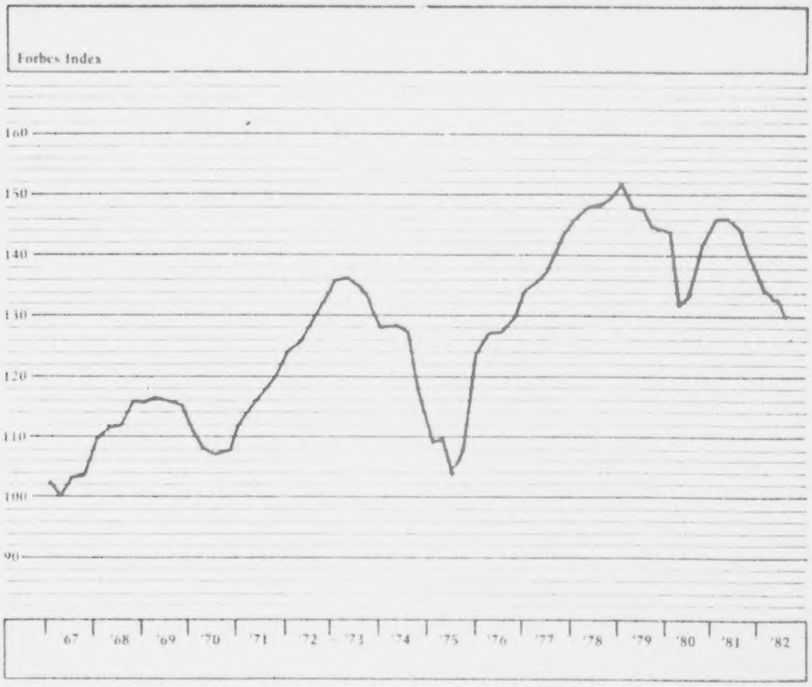
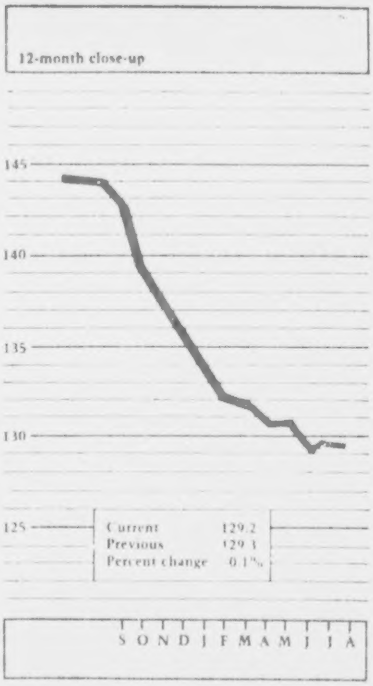
The Forbes Index





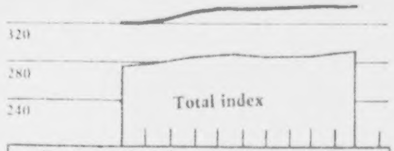
Another false start. After rising for two consecutive reporting periods, the Forbes Index has turned down again. And once more the reason is that consumers have failed to spend. Consumer credit increased by only $570 million, compared with a $1,349 million gain the previous month. At the cash register that translates into a 0.9% drop in retail store sales in August, following a slight rise of 1.2% in July. Consumers were also paying back borrowings. Debt liquidations are up by 5.1%.

A look to the long term also reveals negative news. New housing starts fell by 13.1%. That's all the more disappointing because it follows a 17.6% gain a month earlier. The story is the same with industrial production for August, which dipped 0.5% after rising 0.[illegible]% in July.

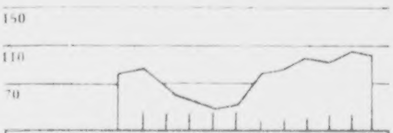
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.**

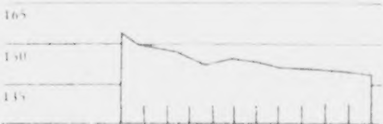
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



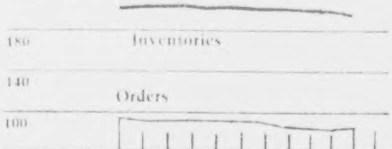
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



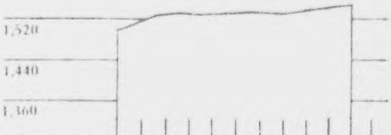
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



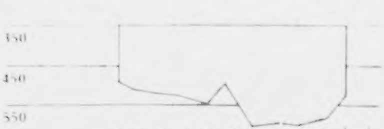
Industrial production index (1967=100)
Seasonally adjusted (Federal Reserve)



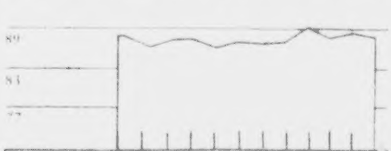
Manufacturers new orders and inventories
($billions) seasonally (Dept. of Commerce)



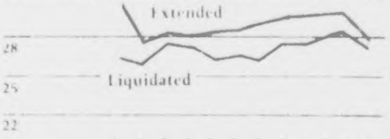
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

Worried that your oil and gas tax shelter isn't paying off? Wondering whether to try one? Here an industry analyst sets forth some performance yardsticks.

How does your shelter shelter?

By Jean A. Briggs

OIL AND GAS tax shelter programs are not all created equal. Some have returned as much as 110% aftertax to investors at the end of their term. Others have returned nothing at all. How do you tell which will do well and which won't before you plunk down your $10,000 and become a limited partner?

Arthur Jerrold King, president and founder of Investment Search, Inc. of Annapolis, Md., has been working on the problem. After graduating from the University of Oklahoma, where he studied accounting, he became a salesman for one of the major oil and gas program sponsors. One problem he encountered was the dearth of good information for investors. So he started up his own business providing summaries of the prospectuses of SEC-registered programs.

Soon King saw patterns in the offerings. He concluded that there are four basic types of programs. He has just completed a study that analyzes the impact on aftertax return of program size, amount of front-end load and type of drilling.

King's study covers 500 partnerships put together by 64 sponsors before 1981. All the sponsors were still in business and raised money in 1981. But the money raised from the public before 1981, some $2.5 billion, had been put to work and uncovered either gushers or dry holes. Although the oil and gas in successful wells may flow for another 20 years or more, the ultimate return on the investor's dollar can at least be projected. King's conclusion for the 500: a disappointing average return of 9.9%, down susbtantially from 12.8% two years ago. King attributes this decline to the many new and inexperienced entrants in the business.

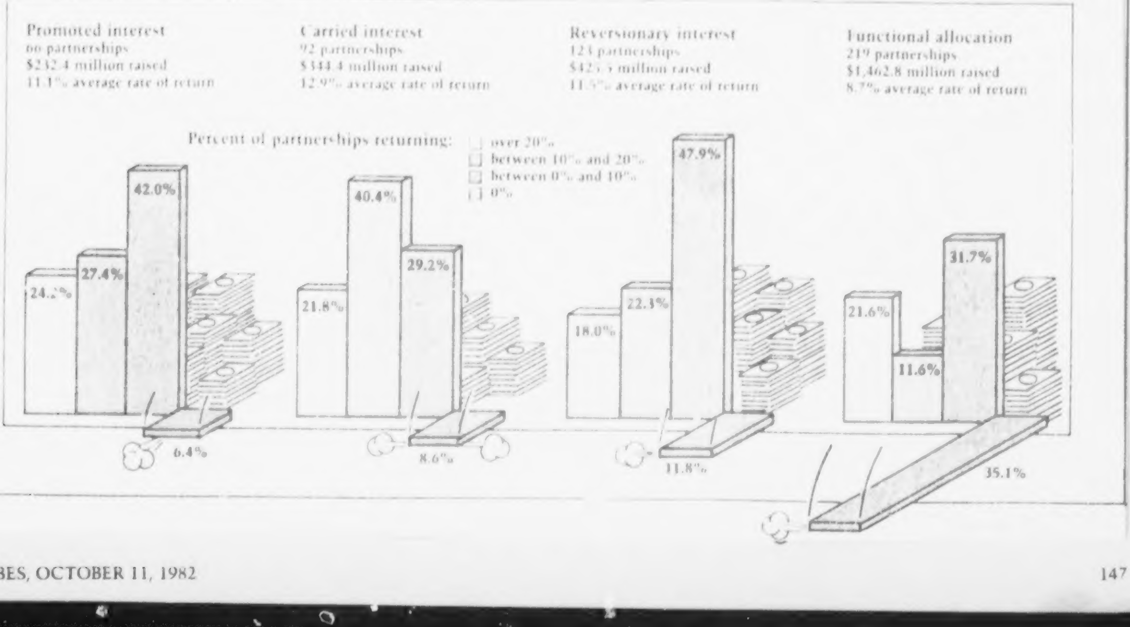
If the general partner and the limited partners shared both nondeductible capital costs and deductible drilling costs, King found that the limited partners' chances of a decent return were best. He calls this a *promoted interest* structure. Sixty-six of the 500 partnerships used it and raised $232.4 million. Twenty-four percent of these will return over 20%; only 6.4% will have no payout at all.

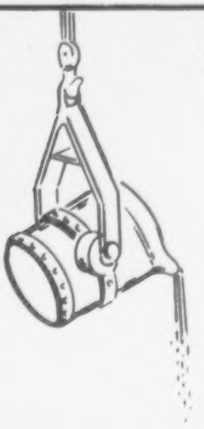
The reason the promoted interest structure is the safest for investors is that the general partner and the limited partners have the same interest. Says King: "He is at risk when he drills, just as you are."

The riskiest type of program to limited partners turned out to be the one King calls *functional allocation*. In such programs capital costs are paid by the general partner. Intangible or drilling or deductible costs are paid by

How is the deal structured?

A new study of oil and gas tax shelters finds partnerships with a promoted interest structure, where general and limited partners share all costs and revenues, proved safest. Those with functional allocation, where deductible costs are paid by outsiders and capital costs by sponsors, proved riskiest.





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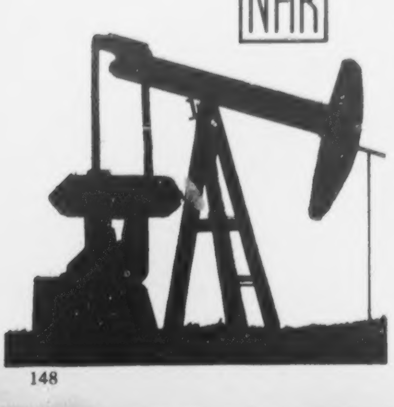


the limited partners. Because investors can write off in the first year everything they put in, functional allocation is the most popular type of program. "Investors like it but they usually pay too much for it," says King. Of the 500 partnerships, 219 were of this type. While 21.6% of them can be expected to return over 20% to investors, 35.1% will have no payout at all. Even these figures may paint too rosy a picture. Among those returning over 20% are two big sponsors, Dyco and Woods Petroleum, which have more liberal payout terms or stronger financing. "If these two programs were removed from the sample, the percent which returned over 20% would decline to 13%," says King.

In the other two program structures King has defined, limited partners pay essentially all of the costs. "The general partner pays 1%," says King, "but he gets that in a management fee. He doesn't have to reach in his pocket for any cash." In one he calls *carried interest*, the general partner shares in revenues from the first barrel produced. In the other, labeled *reversionary interest*, the sponsor doesn't begin to share in revenues until after the investor gets at least some money back.

Surprisingly, the carried interest structure turned out to be more favorable for investors than the reversionary interest structure. Of the 92 partnerships with a carried interest structure, 21.8% will return over 20%; 40% over 10%; 29.1% under 10%; and 8.6% nothing at all.

Of the 123 programs with a reversionary interest structure, 18% will return over 20%; 22.3% over 10%; 47.9% under 10%; and 11.8% nothing at all. Both these structures are used primarily by new sponsors who don't have much cash, says King. "The problem with reversionary interest is it gives them an incentive to charge higher fees than they really should, since they don't get a stream of income as early as those with a carried interest structure."

But how can you tell what kind of structure the deal you are considering has? It won't be labeled "functional allocation" or "carried interest" in the prospectus. Your broker might know, but he might not. "The answer," says King, "is to study carefully two particular sections which are in every prospectus. One is called 'Use of Proceeds,' the other, 'Allocation of Costs and Revenues.' These will tell you who is paying for what and who is getting what. Remember, you want to be sure the sponsor's interest is closely tied to your own, that you are really in it together."

Tax shelter analyst King
"Study two sections carefully. . . ."

What do you look for beyond structure? One of the most important factors, says King, is the type of drilling—was it exploratory, developmental or a combination of the two? He found that in his sample investors fared best in developmental programs and worst in exploration programs. That's because of the far heavier downside risk for exploratory programs. Only 6.9% of the developmental partnerships will not pay out, as opposed to 34.4% for those concentrating on exploration.

As for size, King maintains that large amounts of money are not necessarily good. "Companies that do well with a few million can go back to the market and raise larger sums. They usually didn't do as well after that." Partnerships that raise between $5 million and $7 million showed the best average rate of return; larger partnerships proved to be the riskiest—with a 36.8% nonpayout ratio.

Front-end load turned out to be more important than King had expected. Programs with a load of under 5% showed a projected 17.8% rate of return, while those with a load of over 20% had an average of 9.1%.

Other factors important to investors' chances, says King, include the sponsor's technical expertise, his management ability and his track record. One of King's competitors, Robert A. Stanger in Fair Haven, N.J., recently ranked over 600 programs according to past performance. He and King agree that sponsors who have done well in the past tend to continue to do well as long as they don't make major changes in, for example, drilling personnel or location.

The truth, of course, could be that all this analysis is for nought—that finding oil and gas is really just a matter of luck. But to the extent that experience and skill influence the outcome, King's effort is a large step toward creating a useful yardstick. ■

The worst may be over but the outlook is for a slowdown in trade, investment and economic growth as international lending stands still. How fast things improve is beyond the reach of bankers. The world economy is now in the hands of its politicians.

The world gasps for liquidity

By Norman Gall

THE GRAND DESIGNS of statesmen and economic planners, when they go wrong, are ultimately reflected in simple pictures like the one on the facing page, taken in August in Mexico City. There, in a city whose population has quadrupled (to 14 million) in just the past 20 years, where human and wheeled traffic is now as dense as any nightmarish gridlock in midtown New York or even downtown Cairo, an oil-rich government suddenly out of cash and credit was forced to stop work on an urgently needed subway expansion, throwing thousands of men out of work.

Go almost anywhere in the world today and it is no trick at all to find essentially the same paradox—need, resources close by and no money in hand to marry one to the other. Underlying the paradox is a simple fact: A period of worldwide credit expansion of a magnitude unparalleled in history is now over.

Only yesterday, it seems, bankers were flush with deposits and jetting everywhere on earth, eager to lend to bustling, ambitious borrowers. The same bankers today, overextended and frightened, are jetting home with discouraging news of foundering economies and insolvent borrowers pleading for time and more credit. It is as if everyone—rich and poor alike, capitalist and socialist, advanced and developing—were making the rounds of a giant Monopoly game board and the rules suddenly changed. Instead of cheerfully forking over $200 automatically each time the player passes "Go," the bank now gives the player a hard time and just maybe, grudgingly, $50 in hopes of keeping everyone, not least the frightened bank, in the game.

It's no game, of course. In Mexico and elsewhere the sudden withdrawal of credit is, to use a scandalously overused and too often misapplied word, a full-fledged crisis whose cost must be reckoned in ruined lives and dangerously strained social structures. Can the crisis be contained? Or must the cost, bitter as it already is, escalate to a point where no one with a business to run or even a dollar or a peso in a bank can hope to escape sharing in it?

The quick answer is no, no one will escape paying at least some portion of the cost. After greater reflection the answer is still no, but there is the hope that the world's bankers and borrowers can come up with better strategies to contain the damage and build a new base for renewed growth.

It only seems as though the world is suddenly gasping for liquidity. In fact, the crisis was clearly foreshadowed. Thus, in its issue of June 23, 1980, under the headline "How much more can the system take?" FORBES reported:

"The world seems to be on a merry-go-round of inflation and there is no way for one country or one businessman to say, 'Stop the merry-go-round, I want to get off.' Since 1973 the price of oil, lifeblood of modern industry, has been jacked up by an extortionate 1,000%. That this hasn't caused a massive world depression is due principally to the unexpected ability of the world's commercial banks, with minimal help from their governments, to recycle the flood of petrodollars that piled up."

It was quite a party while it lasted. The 1970s witnessed the biggest credit boom the world has ever seen, with commercial bank credit expanding two or three times faster than real economic growth. In the major industrial countries over the past two decades, commercial bank credit expanded two or three times as fast as real economic growth—by 10% a year in the U.S., 12% in Germany, 16% in Britain and 20% in Japan—with a dramatic acceleration in the 1970s even as growth was slowing down.

The Eurocurrency market grew from $100 billion in 1970 to nearly $2 trillion today. Central bank reserves (with gold at market prices) expanded from $92 billion in 1970 to a peak of $800 billion in the third quarter of 1980.

These assets fueled an inflation the likes of which nobody has ever seen, with world consumer prices nearly tripling during the 1970s, against increases of 60% in the 1950s and in the 1960s. Ready credit and interest rates lower than inflation rates had the initially exhilarating effect of lightening debt loads, seducing governments, companies and individuals to borrow even more. Mexico's foreign debt quadrupled in the last seven years, breeding a 14-fold expansion of domestic credit at the same time. The debt/equity ratio of companies everywhere deteriorated. Investors put more money into government paper, less into productive tools.

A little-known Hungarian economist, the late Melchior Palyi, could not possibly have been thinking of Mexico or Argentina or Poland today, or of Drysdale Government Securities or Banco Ambrosiano or the Penn Square Bank of Oklahoma City, when he wrote a decade ago in his brilliant study *The Twilight of Gold, 1914-1936*, that in the 1920s "the domestic systems of the debtor countries had been greatly expanded under the stimulus of foreign loans and could not make sudden adjustments without fresh credit injections from abroad. Credit structures of the chief creditor countries had in turn become too weak to withstand the repercussions of the debtors' breakdown. That breakdown was a 'deadly' shock only because the creditors themselves were overextended." Then as now, in

While corn was selling for 11 pesos per kilo, the Mexican government was selling corn to tortilla factories for 1 peso. By such means, subsidies and transfer payments last year amounted to 31% of the federal budget and 15% of the national product.

short, strong lenders rarely have anyone but themselves to blame when weak borrowers get them in trouble.

How the credit boom artificially expanded living standards throughout the world is neatly summed up in what may be called the parable of the tortilla, the little unleavened corn cake that is the staple of the Mexican diet, as told by José López Portillo, whose six-year term as president of Mexico, ending in December, coincides with that rich but desperately wracked country's slide toward financial chaos. "The case of the tortilla is dramatic for its psychological, I dare say magical, implications," López Portillo said in his last annual message. "To the Mexican peasant corn is the basic source of food, coinage, religion, tradition and security, as well as his salary, since he works on his own. When we raise the price of corn there's applause. But we cannot ever forget that corn is used to make tortillas. To protect the consumer the state subsidized the tortilla until it reached an unmanageable extreme. While corn was selling for 11 pesos per kilo on the free market, the government was selling corn to tortilla factories for 1 peso."

ALBAÑIL
TABIQUE
CARPINTERO
ELECTRICISTA
ALBAÑIL
PINTOR

Mexico City street scene, August 1982
The story of great designs gone wrong can often be told in simple pictures.

By such means, according to López Portillo, government subsidies and transfer payments last year amounted to 31% of the federal budget and 15% of the national product, which deepened and widened the financial hole Mexico tried to fill by printing money at home and borrowing abroad.

Mexico was spending its own wealth and its borrowed capital on much more than subsidized tortillas, of course. Between 1977 and 1981 Pemex, the state oil company, invested $27 billion in new oil, gas and petrochemical production. That sum is roughly double all of the World Bank's lending to Latin America in the same period. Since 1976 Mexican oil production has grown from 800,000 to 2.85 million barrels daily. Mexico's proven reserves, meanwhile, have risen from 6.3 billion to 72.8 billion barrels—fourth largest in the world—and probable reserves, to 250 billion barrels, approaching the size of Saudi Arabia's. But the borrowings required to keep such ambitious schemes going could not be sustained indefinitely, Forbes had said in 1980, citing history to disprove bankers' arguments that sovereign states never default on their debts. The article continued:

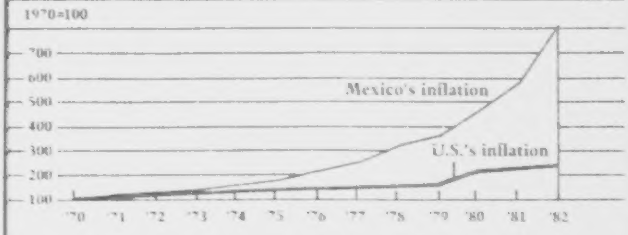
"We now face a tough choice: Either we accept continued, possibly accelerating inflation, or we accept a slowing of world economic growth. Either course poses incalculable risks to rich nations and poor nations, capitalist states and socialist states alike."

López Portillo calls the world credit boom a "financial pestilence" akin to the Black Death: "As in medieval times, it flattens country after country. It is transmitted by rats and it yields unemployment, misery, industrial bankruptcy, enrichment by speculation."

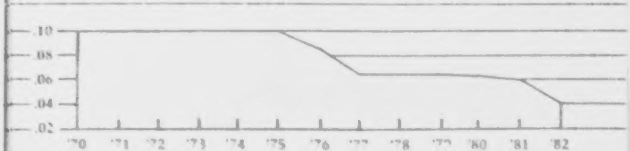
The present world liquidity crisis has forced grossly indebted nations like Mexico to choose slower growth. Political leaders are predictably frustrated by the consequences and loath to accept any responsibility for their fate. In his melodramatic speech before the National Congress last month announcing the nationalization of Mexico's private banks, López Portillo called the world credit boom of the past decade a "financial pestilence" akin to the Black Death that swept Europe in the 14th century. "As in medieval times, it flattens country after country," he said. "It is transmitted by rats and it yields unemployment and misery, industrial bankruptcy and enrichment by speculation. The remedy prescribed by faith healers is forced inactivity and depriving the patient of food."

Rise and fall

While prices more than doubled in the U.S., they octupled in Mexico where foreign debts totaling $80 billion bred a 14-fold expansion of domestic credit.



That inflation differential brought unbearable pressure on the peso, formally devalued twice in six years and otherwise allowed to float down.



Harsh words. Yet Mexico, with lots of oil in the ground and sure of its power as the developing world's most privileged borrower, courted what its president now calls a pestilence. "You've got to give the bankers something new all the time," said Angel Gurria, López Portillo's suave young director of public credit, as he was gearing up for a tripling of Mexico's foreign borrowing (to $14.5 billion) in 1981. "You've got to keep them entertained."

Bankers north of the border were so entertained that outstanding U.S. bank loans to Mexico expanded from $5.5 billion in 1978 to $22.4 billion by the end of 1981, with the gentlest of interest-rate spreads (as little as 0.125%) above the London Interbank Offered Rate, the baseline for international lending. Thanks to the great appetite of Mexican officials and to the great foolishness of foreign bankers, Mexico's scheduled debt service for 1982 amounted to $43 billion, nearly one-fifth of the national product and triple the estimated oil export earnings for the year.

After nearly doubling during 1981, U.S. bank exposure to Mexico grew by another one-fourth in the first five months of 1982, despite the country's deepening financial troubles. According to diplomatic sources in Mexico City, not only have the nine biggest U.S. money center banks committed 40% of their combined capital to Mexico, but several U.S. regionals have lent the equivalent of all their capital, with large amounts committed to Grupo Industrial Alfa, the fast-growing Monterrey conglomerate that defaulted in April with $2.3 billion in debts to 130 foreign banks. With inflation surging to nearly 100% this year, with public spending out of control and government deficits amounting to 15% of the national product, Mexico's credit collapsed after Alfa stopped paying its bankers.

As in Mexico, oil rich but with heavily protected industry, so with Chile, Argentina and Uruguay, taking economic advice from University of Chicago-trained economists preaching an open economy to free the movement of capital and goods. So, too, with Poland, Rumania and other Eastern European borrowers under the "Soviet umbrella" that, bankers had thought, would guarantee loans made to them.

In all of these nations the credit boom remorselessly led to distortions and bankruptcies. In Costa Rica, which imports all its oil, in Venezuela and Nigeria, which export oil, in Argentina and Bolivia, which are self-sufficient in oil—in all of these, the inflow of vast sums of money led to enhanced appetites for consumption, giant deficits in government spending and in international payments, and increased inflation.

No country could rationally absorb the huge sums they were receiving under the best of circumstances. Add fear into the bargain—especially fear of what inflation does to life savings—and human nature takes over. With their pesos overvalued, Argentinians, Chileans, Uruguayans and Mexicans found investment in the U.S. irresistibly cheap. So banks acted as turntables, taking a portion of the money they had brought in right back out again to be invested in U.S. real estate, CDs and Treasury bills. Of some $16 billion in foreign capital, most of it short term, that flooded into Argentina between the first quarters of 1979 and 1981, Argentine nationals sent $12 billion out of their country again to spend on tourism, appliances, condos in Florida and, of course, nest eggs in foreign banks.

In announcing nationalization of Mexico's private banks on Sept. 1, López Portillo accused these same banks of "heading, advising and supporting" a capital flight by Mexicans "who took more money out of the country than all the imperialists that have exploited us in all our history." In all, he said, $22 billion had left the country this way over the past two or three years, while Mexicans had

Note the popularity among many politicians today of the buzzword "reactivation." Argentina tried it at the end of the Falklands war, pegging interest rates at half or one-third the rate of inflation. The result: Inflation of up to 855% (annualized) now rages.

incurred private debts of $17 billion to pay mortgages, maintenance and taxes on newly acquired property. "They already have looted us," López Portillo said. "They will not loot us again." There was $12 billion in dollar-denominated accounts left in Mexican banks on the day López Portillo took them over. Much of that, presumably, was kept there by people who trusted his management of the economy. But López Portillo does not consider the forced conversion of those dollars into debased pesos to be a form of looting.

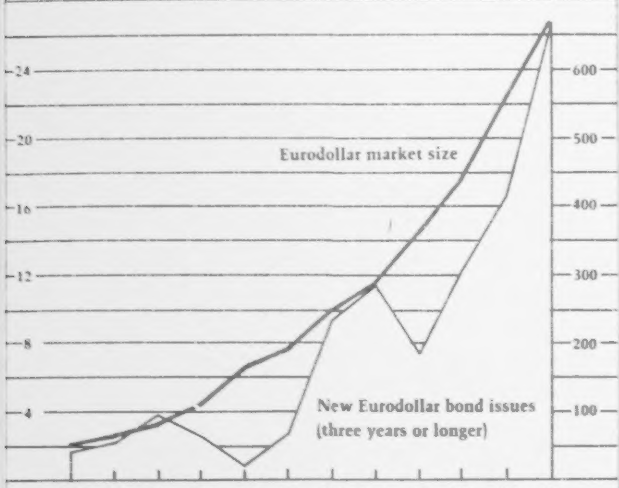
The choice confronting governments everywhere becomes clearer every day: credit contraction or uncontrolled inflation. The politicians will decide.

In his *Monetary Reform* (1924), written in the wake of the great hyperinflations in Germany and other European countries after World War I, John Maynard Keynes observed: "The active and working elements in no community, ancient or modern, will consent to hand over to the *rentier* or bondholding class more than a certain proportion of the fruits of their work." When debt burdens become intolerable, he added, the government resorts to repudiation or devaluation (inflation), which wiped out two-thirds of the French and all of the German public debt in the 1920s.

To deny that such a nightmare could return would be foolish. Note the popularity among many politicians today of the buzzword "reactivation." Is business bad? Demand weak? Interest rates and taxes too high? Everybody up to his neck in debt? Let's try a little "reactivation."

Money, money, everywhere

The chart shows the growth in Eurodollars and Eurobonds denominated in dollars—75% to 80% of the Euro markets—in the decade, now past, of credit's abundance.



Argentina's leaders tried "reactivation" at the end of the Falklands war to "save" banks and companies wallowing in bad debt—about one-third of all outstanding credit—in the worst financial crisis any country has seen since the Great Depression. A new president of the central bank suddenly decreed that interest rates would be pegged at half or one-third the rate of inflation. Predictably, there was a run on the banks. Anticipating just that event, the central bank replaced vanishing private bank deposits with newly printed money, thus nationalizing the credit system. The inevitable result: Argentina is heading toward hyperinflation, with wholesale prices rising over the past three months at an annual rate of 855%.

In Mexico, after the nationalization of the banks and the imposition of exchange controls, another new central bank president decreed interest rates far below inflation levels. That sent savers out on a spending spree and is forcing the central bank to print more money, which will fuel even more inflation.

In the U.S., too, they're talking about "reactivation." Some congressmen want to pass laws controlling interest rates in order to "save" the auto and housing industries. Reagan advisers talk about legislation to control the Federal Reserve Board more closely because Chairman Paul Volcker is, by law, beyond its reach.

The one hopeful thing about "reactivation" is the number of countries with solid political structures that are fleeing it as if *it* were the plague. In West Germany, despite high unemployment, a free-spending Social Democratic government is in trouble and a conservative Christian Democratic government is likely to take its place. In Britain, despite high unemployment, the Conservative government of Prime Minister Thatcher is showing signs of new popularity as its austerity policies begin to pay off in lower inflation, better business profits and smaller public borrowings. In France, where Socialist President François Mitterrand tried "reactivation" for a while, he is pulling back, despite high unemployment, under strong popular pressure to reduce government deficits and inflationary pressure on the franc.

The world gasps for liquidity not because the supply of money has contracted but because too much of it now goes to pay off old debts rather than fund new, productive investments. Note that net new Eurocurrency loans to developing countries shrank from $25 billion in 1977 to next to nothing last year, but meanwhile their interest payments doubled. Meanwhile, too, there was a massive shift into short-term debt to meet pressing payments problems—squeezing borrowers harder still.

The only tool available to slow down such a merry-go-round is the control of money-supply growth. That's the tool the U.S. Federal Reserve has been wielding since the fall of 1979 to force up interest rates to the point where they have become positive—higher than the inflation rate—for the first time in years. It was, and is, unpopular. But that's how Volcker broke the implicit alliance, *It is a tribute to Mexico's strategic importance that Finance Minister Jesus Silva Herzog could get agreement on a $15 billion to $20 billion Marshall Plan-type aid package—the biggest international financial rescue ever attempted.*

almost a conspiracy of silence, between governments and banks to go on ignoring the precarious health of the world's biggest borrowers. Now, both inflation and interest rates are coming down, but the interest rate remains above the inflation rate, as it must to prevent savings and the financial system from disintegrating.

Even though President López Portillo's *Partido Revolucionario Institucionalizado* (PRI) has ruled Mexico for half a century, it apparently does not feel politically secure enough to quit borrowing and cut public spending without first engaging in a noisy quarrel with the International Monetary Fund. They are among the "faith healers," Mexico's president says, who would starve the Mexican people and throw them out of work by demanding an end to undisciplined public spending before they lend money.

Clearly, there is a fair amount of political posturing in López Portillo's attacks on the IMF. But there is also the potential for trouble. The IMF can only help countries that demonstrate a willingness to help themselves. It lacks the resources to meet the needs and wishes of all the feckless borrowers and foolish bankers unable to avoid overextending themselves. Mexican policy at the moment is still in the hands of a lame-duck president until December, when López Portillo's successor, Miguel de la Madrid Hurtado, takes over. At the start of his six-year term, de la Madrid is likely to husband the financial affairs of Mexico more cautiously. But in these volatile times, given Mexico's problems and the world banking community's anxieties, two months is a long time to be going nowhere.

It is a tribute to Mexico's strategic importance and its power as an international borrower that Finance Minister Jesus Silva Herzog, a Yale-trained economist widely respected by foreign bankers, could make a quick trip to Washington on the weekend of Aug. 14 and come back with agreement on the main elements of the biggest international financial rescue ever attempted—at $15 billion to $20 billion, at least as big an aid package as the Marshall Plan after World War II, which went to several countries, not one. The funds were to be provided by the U.S. Treasury, several central banks through the Bank for International Settlements (BIS) in Basel and some private banks, nearly all contingent on a stabilization agreement with the IMF. But the IMF would provide its $4.5 billion share in loans only if Mexico agrees to cut its huge public spending and international payments deficits.

At at time when bankers' spirits seem almost as important as cold cash, de la Madrid's coming to terms with the IMF would be a powerful morale booster. If Mexico, the world's biggest debtor nation, were ready to accept a measure of self-discipline, it would then be possible to believe that the worst of the present liquidity crisis was over. After all, the bad news is already out, not only on Mexico but on Argentina, Chile, Costa Rica, Bolivia, Poland, Rumania, several small African states—they are de facto bankrupts. Other borrowers—Peru, Venezuela, Yugoslavia and, most important, Brazil—appear able to continue paying interest and amortization if a reasonable amount of liquidity remains in the system.

Brazil, whose default was widely feared two years ago but which continues to make payments on its $80 billion foreign debt, began in early 1981 to make massive cutbacks in imports, to cut subsidies and control public sector deficits and, above all, to borrow less. While Mexico and Argentina were printing lots of new money last month to "reactivate" their economies, Brazil's central bank was raising reserve requirements to tighten bank lending and force up interest rates.

For all that, Brazil, too, is a hostage to fortune. In consequence of past excesses, international lending is now at a virtual standstill. The immediate outlook is for a slowdown in trade, investment and economic growth. How fast these things will improve is beyond the reach of the most brilliant economists or inventive bankers. The world economy is in the hands of the politicians. ■

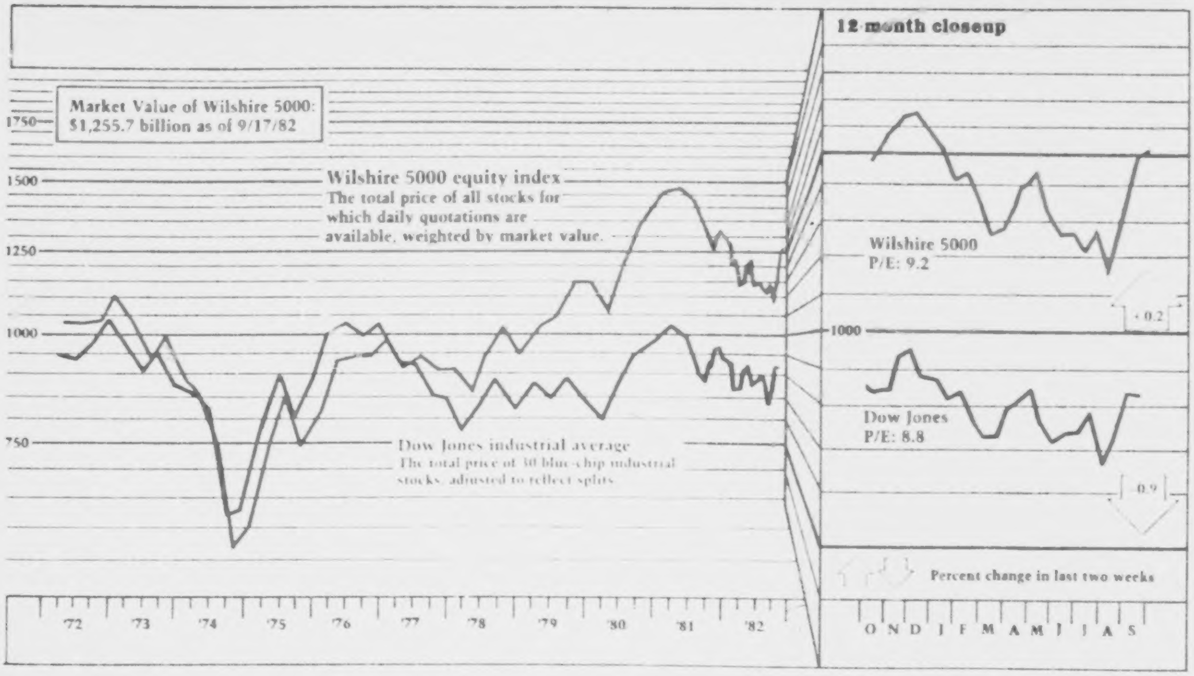
The last olé

President Jose Lopez Portillo was particularly critical in his State of the Nation speech Sept. 1 of those he charged had "looted" the Mexican economy. But Lopez Portillo himself appears to have done well out of his presidency, the culmination of a lifelong career in modestly paid public service.

Proceso, a Mexican magazine of the left, is causing something of a sensation in Mexico these days by suggesting that a $15 million mansion being built outside Mexico City belongs to the president. In addition, a duplex penthouse in Acapulco for the imminent López Portillo retirement (Dec. 1) is described by an American furniture salesman as "something out of a fantasy." It may well be, as Mrs. Carmen Lopez Portillo has spent at least $150,000 in Dallas furniture showrooms on its decor, which includes a $70,000 custom-made spiral acrylic staircase.

The López Portillos: On to Acapulco

The Forbes/Wilshire 5000 Review



Here come the cherry pickers. Despite some confusion among professionals about this summer's sudden market rally, the indexes continue to suggest the bull market is real—and expanding on cue. The Wilshire 5000, the best indicator of broad activity, climbed marginally in the past two weeks. The o-t-c index, however, showed the biggest jump, up 3.5% from the prior two-week period. And for the past four weeks the Amex index outpaced the others.

This is typical of previous long rallies. When the blue chips—best monitored by the Dow, which is now falling back slightly—become fully priced, investors begin shopping elsewhere. First it's the NYSE, then the Amex and finally the o-t-c market.

What are people buying over-the-counter? Companies like Paraho (oil shale recovery), Billings (hydrogen research) and Fonar (medical scanning equipment) show up among the percentage gainers. In short, the same sort of technology- and energy-related issues that have been popular over the past two weeks on the NYSE—just smaller companies with less float. The traditional cherry-picking has begun. This is the first sign that individuals and smaller institutions are getting into the game.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	9.1	8.4	5.5	8.8	13.2	11.8
in last 52 weeks	2.9	NA	9.7	4.6	-3.7	1.3

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	13.0	4.0	11.9	11.0	5.0	10.0	12.3	6.2	12.0	9.1
in last 52 weeks	10.4	12.8	-3.2	19.8	13.6	15.6	11.7	12.7	5.6	4.6

NA: Not available

[1] Based on sales

[2] A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations, low volatility issues are more stable

[3] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates

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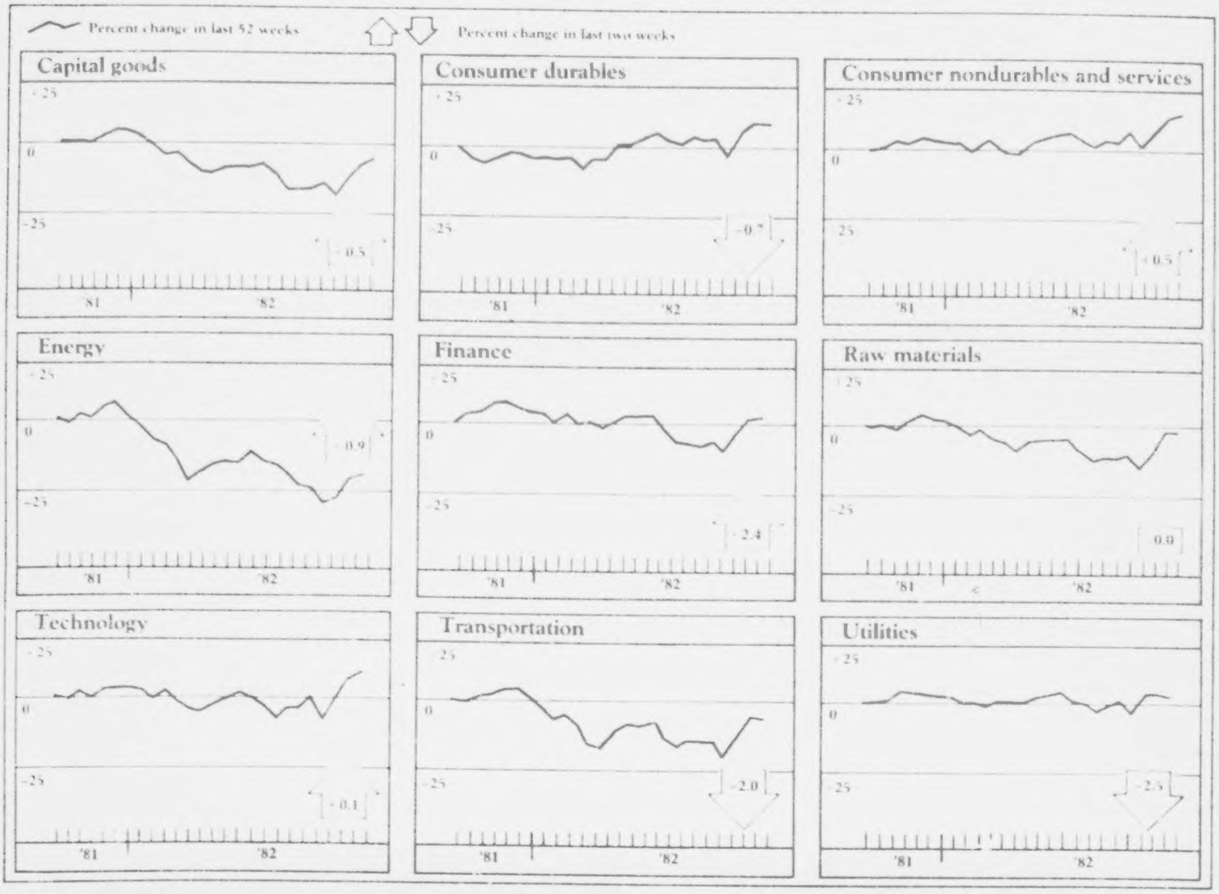
Note: All data for periods ending 9/17/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

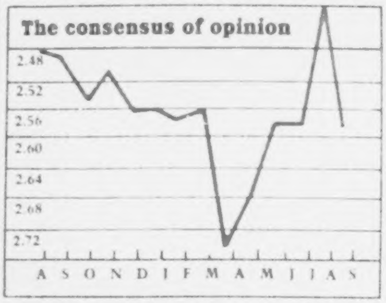
Energy on the upswing. After the worst 52-week performance of any sector, energy issues are beginning to breathe life. Energy showed the second-largest gains over both the last two and the last four weeks. Spot oil prices and heating oil prices are on the rise, and the result is sudden action in some of the oil issues.

Oil and gas exploration stocks showed up in the percentage gainers, including Damson Oil and Wilshire Oil. Other big movers were Tosco, a refiner, and Pioneer, which is big in natural gas. The two-week biggest climb, however, came from the finance sector. The leaders there are Merrill Lynch and other brokerage houses.



What The Analysts Think

The ride is over. Figuring, perhaps, that the fast ride up on the brokerage stocks is over, analysts moved financial issues to sixth place from second. Consumer nondurables, the 52-week darling, also fell—tumbling to seventh place from first. Now watch capital goods, the hard core of any recovery, which has moved up smartly.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.31	3	2
2	Capital goods	2.50	6	3
3	Utilities	2.56	4	1
4	Energy	2.57	5	4
5	Transporation	2.61	7	6
6	Finance	2.64	2	5
7	Consumer non-durable	2.67	1	7
8	Raw materials	2.75	8	9
9	Consumer durables	2.92	9	8

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 9/17/82. Prepared by Wilshire Associates, Santa Monica, Calif.

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OCTOBER 25 · 1982 TWO DOLLARS AND FIFTY CENTS

Forbes

THE COSMETICS GAME TODAY

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WERE ALIVE,
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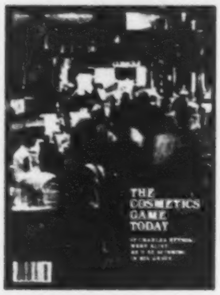

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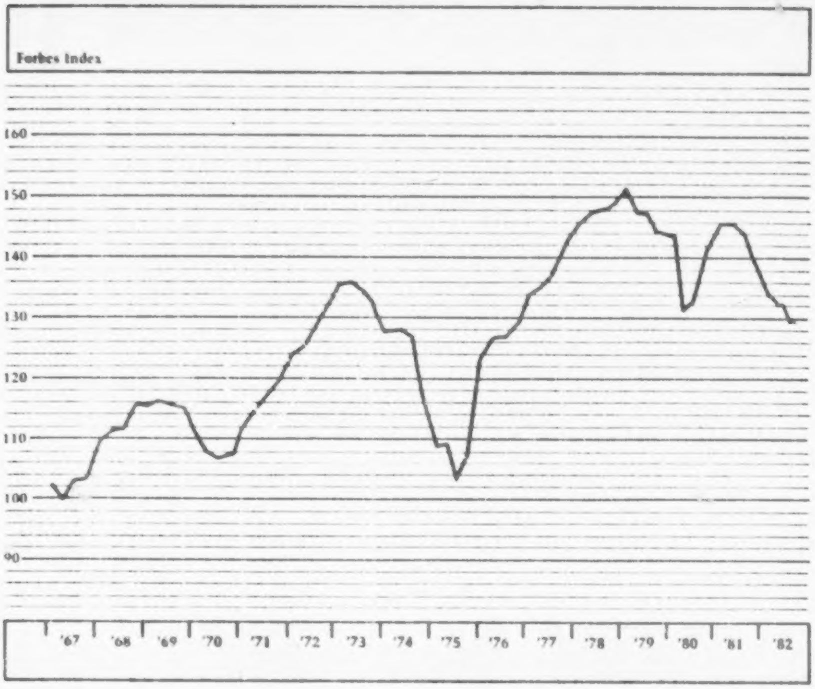
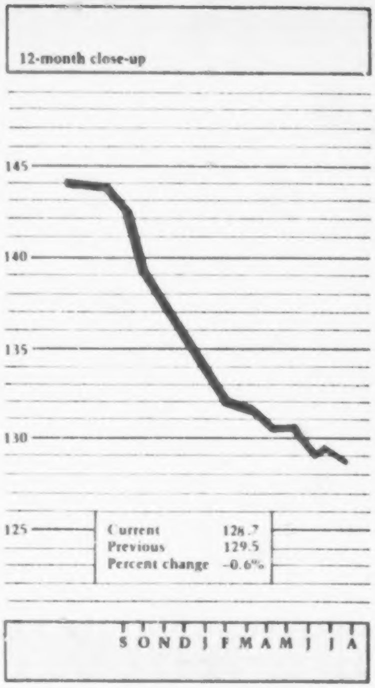
The Forbes Index





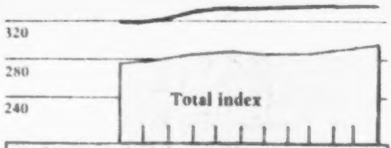
More erosion. For the second time in a row, the Forbes Index has fallen into the negative column. The main depressant was unemployment claims, which jumped 18.2%. More bad news came from manufacturers' new orders, which fell 2.5% in August. That decline hits especially hard because it follows a 6% gain in July.

Further evidence that the recession is not over comes from inventories, which fell 0.2% during the latest reporting period and are still being cut back. Personal income, though in the plus column, rose by a meager 0.2%. There is, however, a bright note on the inflation front. The Consumer Price Index posted a 0.2% gain, well below July's 0.6% increase. Prices for the services component, by contrast, rose at a 0.6% rate.

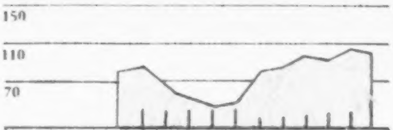
The Forbes Index Components

The FORBES index is a measure of U.S. economic activity composed of eight equally weighted elements. **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.**

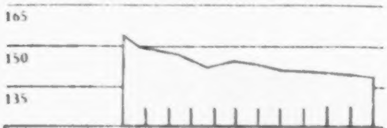
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



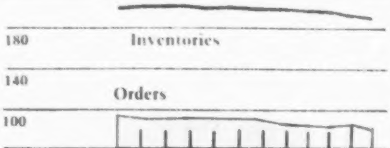
Consumer price indexes (1967=100)
all urban consumers, unadjusted (Dept. of Labor)



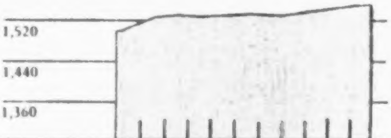
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



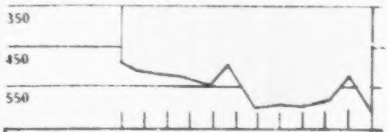
Industrial production index (1967=100)
Seasonally adjusted (Federal Reserve)



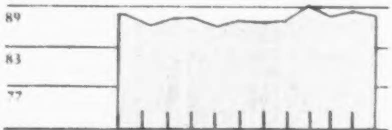
Manufacturers new orders and inventories
($billions) seasonally (Dept. of Commerce)



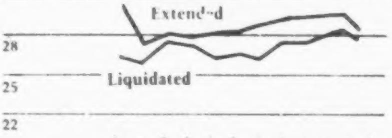
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

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Even Egyptian capitalists shun the word "capitalism." They prefer "freer markets," and Egypt is striving, at some risk, to accommodate it. More than the fate of Egypt alone is at stake. A progress report.

Fulcrum

By Jerry Flint and Yassin El-Ayouty

On the rooftop of a private Cairo club, the wealthy Egyptian sipped his scotch. "We used to have three servants. Now I can't get anyone. We even tried to get people just for the day. I offer five pounds [$5] a day. Nobody. This is terrible."

In the suburbs, a writer says: "When I started building my house three years ago my plumber was riding a motorcycle. Today he's got a Mercedes. Even the youngsters carrying buckets of cement are getting $3 or $4 a day."

Mubarak

Such complaints of labor shortage are good news in a country growing by 1 million every ten months and in a world where richer states, from Mexico to Poland, stagger through insolvency and stagnation. Yes, Egypt has its problems, but it is no basket case. If its leaders can accelerate the move toward "freer markets"—even Egyptian capitalists shun the word *capitalism*—Egypt will walk erect into the 21st century rather than be carried in.

"We're not going back to socialism," vows Mostapha El-Said, the minister of economy. It is 1 a.m. in the lobby of the Cairo Hilton; the ex-professor, in his black leisure suit, is tired but spends a few hours with Forbes. "The economy is now the number one question. We're no longer neglecting reforms because of war. As [President Hosni] Mubarak says, the challenge is internal."

America's stake in Egyptian prosperity is huge. The events in Lebanon are tragic, but if Egypt keeps the peace there can be no major war between Arabs and Israel. No other Arab state, nor any combination of them, is powerful enough to battle Israel. Allied with the U.S., Egypt helps keep a lid on an area running from the Mediterranean into central Africa. "If not for Egypt, the Sudan [under Libyan pressure] would have collapsed," says Wajih Zikri, an editor of Cairo's *Al-Akhbar*, the biggest newspaper in the Mideast. The U.S. agrees and pumps $2 billion a year into Egypt, half civilian aid [our biggest aid program], half military support.

But this nation of 44 million is nobody's lackey; it can set the pattern for much of the Third World. It has before. Remember Nasser? He helped create the nonaligned movement a quarter-century ago that pulled newly freed states away from the West, then embraced the Russians, giving them access to Africa and the Arab states. "The best news America ever heard from this part of the world was when Sadat kicked them out," says Ahmed El-Gindi, another key *Al-Akhbar* editor. "They still hurt from that and are trying to get back in."

Egypt exemplifies all the problems of Third World countries.

- Population pressures. Though at 386,000 square miles the equivalent of California, New Mexico and Colorado—it is a crowded nation, with almost all its 44 million people living in the 15,000 square miles along the Nile and its delta.
- Lagging agriculture. At the turn of the century, Egypt—then with a population of 10 million—was farming 4.8 million acres; 80 years later the population has quadrupled but the arable land has increased only 25%.
- Underemployment. Industry strains to keep up with the number of young people seeking jobs—there are now 400,000 new entrants to Egypt's 12 million-person labor force each year. Soon there will be 500,000 a year.

In addition to problems, Egypt has resources many another developing nation would envy. Egypt's oil—it produces about 635,000 barrels a day—earned $2.8 billion last year. The Suez Canal brought in $890 million. Tourism—based on the pyramids, the wonders of Luxor and 6,000 years of history—earned $800 million. And it has skilled citizens abroad—perhaps 3 million Egyptians working mostly in Arab lands as doctors and teachers, carpenters and farmers—who remit earnings to the home country: between $2 billion and $3 billion last year. Egypt's debt is high but not out of hand. Egypt's foreign debt is $13 billion, but most of it is concessional foreign assistance from Western governments and the World Bank, and the foreign debt service ratio is about 20% of export earnings. For Mexico, with $68 billion in private bank loans alone, debt service is 58% of export earnings; for Argentina it is 78%.

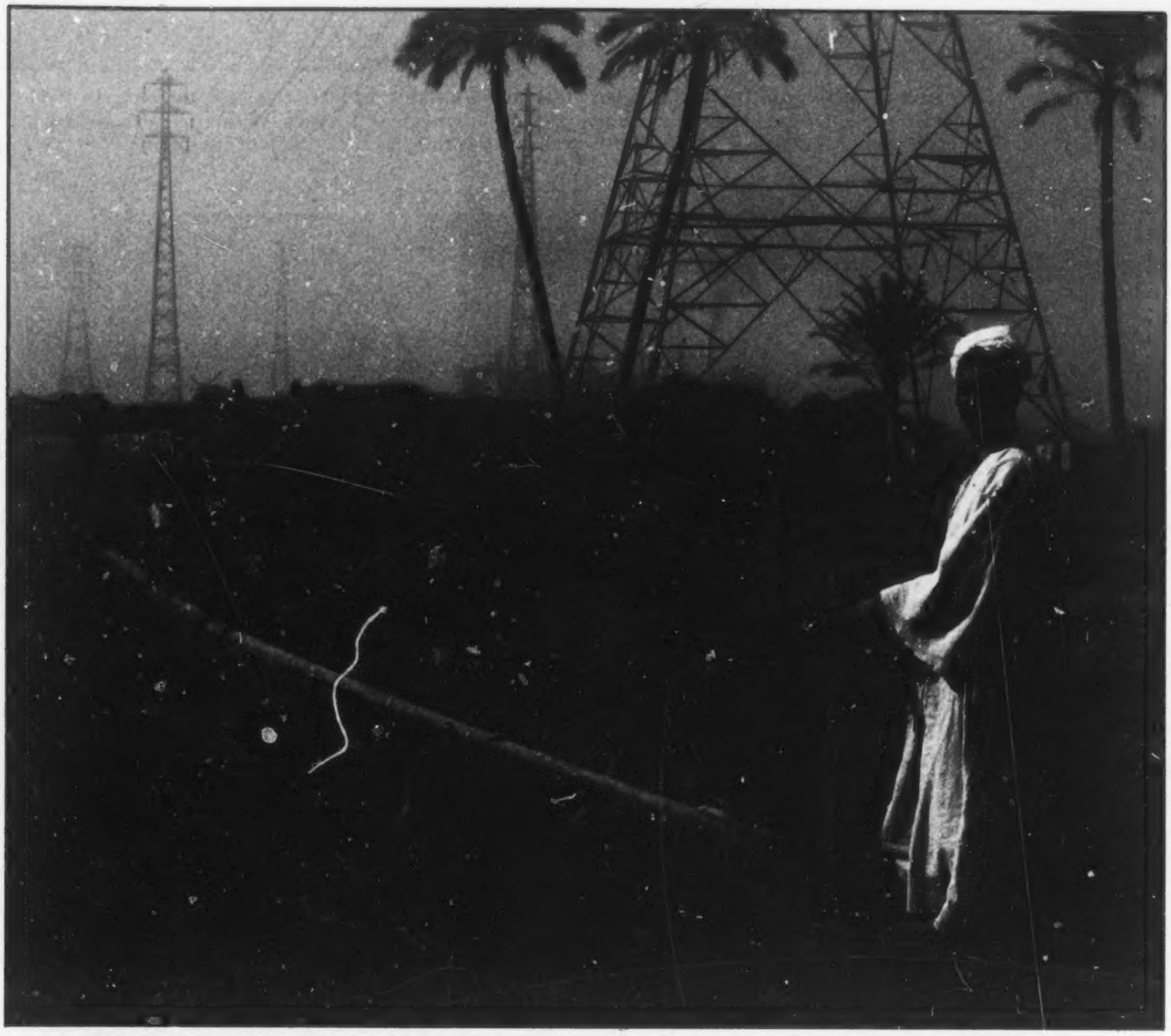
But like other Third World leaders, President Hosni Mubarak is in a perilous race against time. Egypt's progress since the end of the 1973 war against Israel has quickened expectations, not quieted them.

Improvement has been real. Per capita income is up 50%, to $560, in four years. Egyptians are eating more chicken, meat, eggs, vegetables. Public transportation is better [buses in Cairo are jammed but no one rides the roof anymore]. In the villages brick houses are replacing huts. Even the phones work better.

But Egyptians expected much more, much faster, and it is easy to overlook the gains when the ever-growing population squeezes housing, when sewers overflow into the streets, as they sometimes do, and when the wealthy spend thousands of dollars on well-publicized parties.

How stable is Egypt a year after the assassination of Anwar Sadat? Any tourist in Cairo can see sandbags in place and manned in front of the state television station and truckloads of armed soldiers parked on side streets, waiting. Egypt is no ideal democracy, but with its parliament and open political criticism, it is no military dictatorship, either. Government operates by a kind of consensus—of the army, of the elite, of the street.

Militant Muslims killed Sadat, but few Egyptians think that Islamic fundamentalism can topple the Cairo



Egyptian farming: The techniques and tools aren't much different from Pharaoh's days

"We're subsidizing the American farmer," complains Minister Youssef Wally, "not the Egyptian farmer."

government. "How many women do you see wearing the veil?" asks one Cairene. Practically none, it is true. "There's the call to prayer. How many are going?" sneers another.

But a better answer to the threat of fundamentalism, to all of Egypt's problems, is economic progress. Years ago Egypt took the path of "Arab socialism" under Gamal Abdel Nasser, who seized and distributed farmland to poor peasants, nationalized business and industry. In the end, his wars with Israel left no money to finance economic growth. Anwar Sadat, having reclaimed Egypt's dignity in the 1973 war with Israel, cautiously took the nation along a new economic path. Old Cairo joke: Sadat comes to a crossroads. The chauffeur asks him which way to turn. "Which way did President Nasser go?" Sadat asks. "Left, your excellency," says the driver. "Then signal left and turn right!"

Sadat called his rightward turn *el-infitah*, the opening. It was a policy to lure foreign investment and loans to rebuild the economy by promising currency convertibility, repatriation of profits, tax exemptions and favorable customs treatment. "The open door policy changed the business climate," says one astute American businessman working in Egypt. "The most important change was it made the local entrepreneurs feel safer to invest in their own country. They figured if Sadat gets Western companies to come in, they were safe, too."

Infitah was clearly a factor as the Egyptian economy grew 8% to 10% a year from the mid-1970s on, including 10% GNP growth last year after inflation.

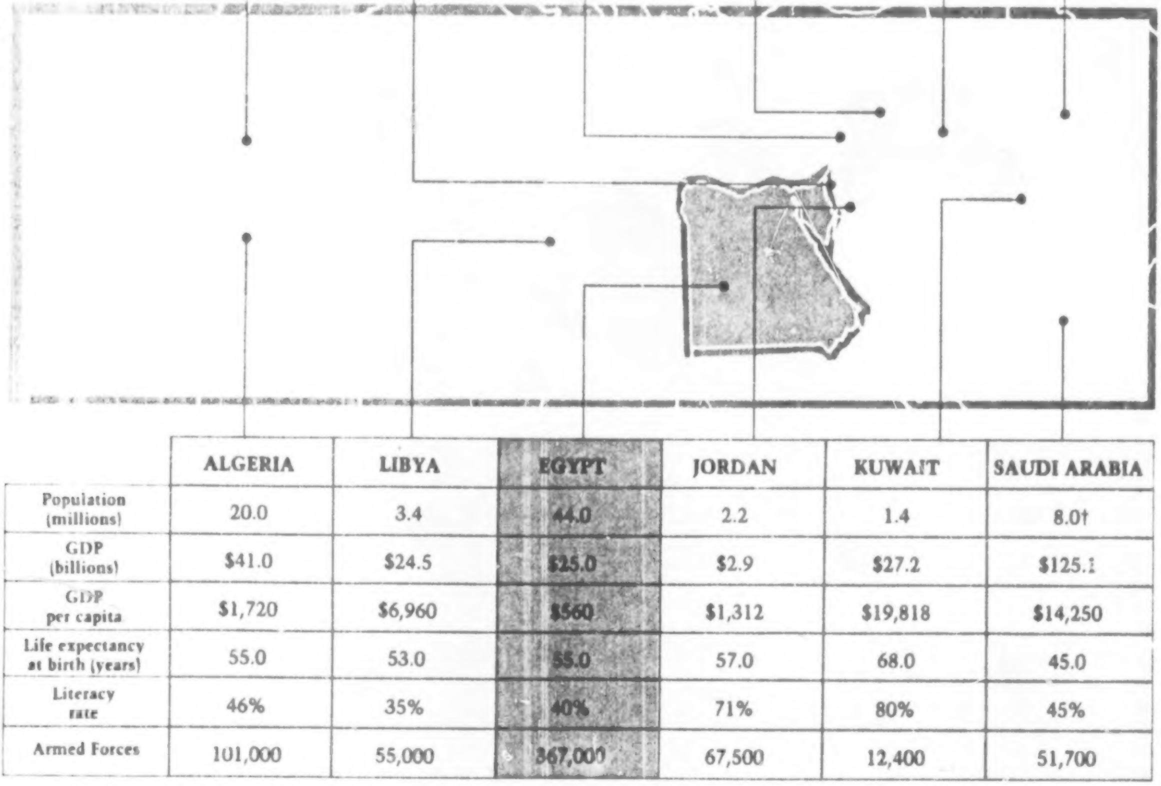
But some of the fresh money was of limited help—misplaced showers in a desert. "No more soft drink companies," says Economic Minister El-Said to a visitor who had seen Pepsi, Coke, Teem and Canada Dry everywhere. "We want cement, bricks, agro-industries. And no more banks in Egypt. We have 76 already."

It is easier, politically, for Egypt to discipline foreigners than to discipline itself. Imports soared to $9 billion last year, against $4 billion in exports. The inflation rate is pushing 20%. The government masks the inflation with subsidies on the prices of basic commodities like bread (about a penny for a pita-like round) and gasoline (about 60 cents a gallon). The subsidies, in turn, increase the budget deficit, estimated at about $5 billion—20% of GNP—in the current fiscal year. At the same time, oil prices have dropped, tourism is slumping, Suez Canal profits climb

Role model

Across the sweep of desert that marks the Middle East, only Egypt has the attributes that make for leadership: history, stability, population, military force. Her political and economic influence is felt not only in Arab lands but into central Africa. Without Egypt, the Qaddafis and Khomeinis are constant threats.

	MOROCCO	ISRAEL	LEBANON	SYRIA	IRAQ	IRAN
Population (millions)	21.3	4.0	3.0	9.4	14.0	41.2
GDP (billions)	$16.0	$20.0	$2.6	$12.9	$39.5	$81.7
GDP per capita	$800	$5,000	$884	$960	$3,020	$2,170
Life expectancy at birth (years)	55.4	72.0	65.0	57.0	56.1	54.0
Literacy rate	20%	90%	75%	53%	70%	48%
Armed Forces	120,000	172,000*	23,750	222,500	252,250	195,000



	ALGERIA	LIBYA	EGYPT	JORDAN	KUWAIT	SAUDI ARABIA
Population (millions)	20.0	3.4	44.0	2.2	1.4	8.0†
GDP (billions)	$41.0	$24.5	$25.0	$2.9	$27.2	$125.1
GDP per capita	$1,720	$6,960	$560	$1,312	$19,818	$14,250
Life expectancy at birth (years)	55.0	53.0	55.0	57.0	68.0	45.0
Literacy rate	46%	35%	40%	71%	80%	45%
Armed Forces	101,000	55,000	367,000	67,500	12,400	51,700

*Mobilization up to 400,000 in 24 hours. †Includes non-Saudi workers. *Source: State Department, Commerce Department, World Bank,* Military Balance *(1981-82)*

less than expected, and Egyptians working abroad—perhaps a little nervous—keep some of their gold out of official channels. Egypt had been counting on these to fund vast—some would say grandiose—development schemes: cities and farms in the desert to save Cairo and Alexandria from strangulation and to produce more food; tens of billions of dollars for nuclear power plants, billions more for sewers and housing.

Struggling to move its economy forward against these odds, the Mubarak government has put agriculture high on its agenda. Half of Egypt's work force is involved in it, but half of Egypt's food is imported. While the economy was growing 8% to 10% a year, food production grew 2% to 3% at best.

Youssef Wally, minister of agriculture, outlines the problems to FORBES. Low prices paid to farmers for crops like wheat and rice, to subsidize the better-off city folk, destroy production incentives and push up imports. "We're subsidizing the American farmer, not the Egyptian farmer," he says bitterly, because his government pays more for imported grain than it pays its own farmers. Farm profits are so low that vital Nile valley topsoil is sold for bricks; $50,000 for an acre's worth. Homes, offices, factories chew up more land. Some 950,000 acres of irrigated land have been added by the Aswan Dam and reclamation, an enormous effort although much of this land isn't yet productive; but subtract 750,000 acres of land gone to those other nonfarm uses.

What has to be done? Wally and others say paying farmers fair market prices for key crops would produce the incentive. As an example, output of vegetables, which aren't price-controlled at the farmgate, have soared. "With existing off-the-shelf technology, better seed, fertilizer, you could increase output 50% to 70%," says an American Embassy expert. Minister Wally says 50% to 100% production increases are possible.

The agenda on the industrial front is tougher. Three-fourths of industry is government-run, the heritage of Nasser's Arab socialism, and horror stories abound. The cigarette company never produces enough, which triggers fighting at the stores when the 35-cents-a-pack government smokes arrive. The Helwan national steel company had 26 divisions, each with its own full-scale bureaucracy.

The government promises every college-educated Egyptian a job, and piles them into offices with little to do but complicate the ministries and public companies. Such employees aren't paid much—in fact, they may be one group that lost power and influence under "open door" economics—but they can't be fired, either. Many hold two jobs to make ends meet. Others demand "lubrication"—petty graft—for any effort.

Indeed, some Americans say corruption is pervasive. The U.S. Justice Department is currently investigating a contract to move U.S. arms to Egypt under which an Egyptian—with reputed connections to the foreign minister, defense minister and the president—collected $51 million from the U.S. to ship $300 million in weapons.

"I've spent five hours a day for five years on the Israeli problem," Egypt's secretary of state says. "It doesn't deserve the time."

But corruption, troublesome as it is, is not the deciding factor in Egypt's economic future. First must be the commitment to an even wider open door, freer markets and even denationalization—remember, most manufacturers with more than 50 employees were nationalized. President Mubarak and other Egyptians pledge allegiance to the open door, but American officials believe they really haven't decided if they want a market or state-controlled economy, which is why they have trouble making decisions.

Egyptians also seem divided between the visionary and the practical: the visionary talk of building satellite cities, farms in the desert, colonizing the spacious Sudan; the practical talk of curbing imports and ending food and fuel subsidies.

Egypt needs it all—practical moves, from curbing budget deficits and creating incentives for production, and visionary efforts to reclaim the lands near the Nile and the sea.

Most of all it needs peace. Lebanon shook the mood of peace. Boutros Boutros-Ghali, secretary of state for foreign affairs, says the treaty with Israel still holds despite the trauma of Lebanon. "But the effort to build peace in the whole region is gone," he says. "We are back to square one." Boutros-Ghali is tired of it. "I've spent five hours a day for five years on this [Israel] problem," he tells FORBES in a near-midnight meeting in his office. "It doesn't deserve the time." It's building the economy, he says, that deserves full time and effort. Egypt has started in that direction. If it can persevere, it just might light the way for others in the troubled Middle East. ■

Kodak has a new camera, but this time the independent photofinishers can find no reason to say cheese and smile.

Somber development

By Anne Bagamery

FIRST, THE GOOD NEWS: Kodak's new disc camera, which arrived in stores with much fanfare in May, is expected to give photofinishers a lot more film to process in the next three years. Now the bad news: A new kind of photoprocessing minilab, equipped in part by Kodak, is expected to darken prospects for such retail photofinishers as Fox-Stanley Photo Products, Inc. and already troubled Fotomat Corp.

Fox-Stanley Photo Products President Carl Newton III
Not a pretty picture.

Who finishes first?

To keep up in a slow-growth business, photofinishers have had to broaden distribution (Fox) or get into other businesses (PCA, instant portraits). Even so, giant Kodak still wins by a mile.

Company	Fiscal 1981 sales (million)	—Net income— (million) 1981	1980	Earnings per share (most recent four quarters)	——Price—— recent	1981-82 high
Berkey Photo	$ 182	d $0.6*	$1.7*	d$0.04	4	5¼
Fotomat	257	2.8	0.7	d0.13	3	8
Fox-Stanley	165	5.5	6.2	1.41	12⅝	13⅛
Eastman Kodak	10,337	1,239.0	1,154.0	6.99	83	87¼
PCA Intl	178	5.6	4.5	0.36	5¼	·16¼

*Before results of discontinued operations. d: deficit.

Those two companies, together constituting 15% of the $2.5 billion photofinishing market, were the pioneers of kiosks—the bright booths in shopping-center parking lots where the shutterbug dropped off film one day and got pictures back the next. Fotomat's 3,400 yellow-and-blue kiosks and Fox Photo's 900 red-and-yellow ones were supposed to be to photofinishing what McDonald's is to hamburgers. But they never generated the volume that spells high profits. After a decade of trying to get traffic density, Fox' average outlet is gathering 37 rolls of 20-exposure film a day, at $6 per roll. For that, Fox pays one or two clerks to stand and wait most of the time. A fleet of cars to take the film to and from processing centers is more overhead. Fortunately, San Antonio-based Fox, at $165 million (sales) the third-largest independent photofinisher behind Fotomat and wholesaler Berkey Photo, has more than kiosks: over 200 retail outlets, a 6,000-store dealer network and a linkup with Hallmark stores. That mix helped it eke out an 11.5% return on equity in the fiscal year ended Mar. 31. Fotomat, by contrast, had a return on equity of less than 1%, and Berkey's was a negative 1.8%.

But minilabs may well strengthen the traditional outlets for photofinishing—camera shops and drugstores—even though the minilab service costs around $10 a roll. Minilabs are bigger than kiosks, and more expensive to set up—averaging $200,000, vs. $15,000 a kiosk. But the tremendous differential in capital investment is seen—so far at least—as worthwhile because of the promise of volume business. With their $125,000 Japanese-made developing machines and Kodak printers, minilabs can process up to 400 rolls a day, on site, within one hour of receiving the film from the customer. Pictures are developed while the customer is doing other shopping. Since 1979 some 1,500 minilabs have opened, many tucked into the back of drugstores, and have taken as much as 4% of the market—$100 million. Analysts predict another 1,000 will open next year.

The minilabs are appearing just in time for Kodak's first new camera for the masses since the 110 in 1972. Photo volume usually surges in the two or three years following a Kodak product introduction, and photofinishers count on those boom years to carry them through the six or seven lean ones. With minilabs expected to take up to 20% of the market by 1985, the party is spoiled considerably. That's why analysts like Ty Govatos of Donaldson, Lufkin & Jenrette, who got excited about photofinishing stocks in the past, are quieter now. "It's very painful for me," says Govatos. "I get a shot at these guys once every ten years or so, and I love to recommend stocks. But because of the minilabs, I just can't do it this time."

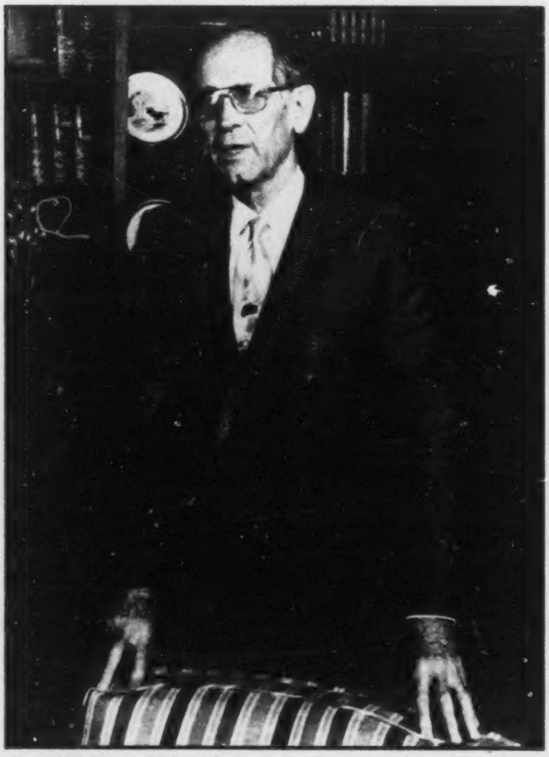
Some photofinishers, seeing the handwriting on the wall, have looked for other ways to boost sales. Fotomat tried selling other products such as videotapes, with disastrous results. Fox has stuck with photofinishing and pushed service instead, promising prints within 24 hours. Fox President Carl Newton III—grandson of the company founder, who was a friend of George Eastman—has further hedged his bet by spending nearly $1 million to open four minilabs in New Mexico and Texas. If they fly, he will open several more next spring. But Newton is reluctant to regard his array of kiosks as obsolete. "Our customers are used to them," he insists, "and they appreciate our one-day service."

One day or one hour, the truth is, photofinishing is a slow-growth, low-profit business and the introduction of minilabs makes it more expensive to compete. The only big beneficiary of Kodak's new camera and minilabs may well be Kodak. Several Japanese companies make the developer, but $10.3 billion (sales) Kodak sells the camera, the film and the developing supplies—and the $20,000 automatic printers used in minilabs. ■

If the automotive side of Genuine Parts' business is recession-immune, industrial parts should be too, right? Wrong.

A nasty little shock

By John A. Byrne



Genuine Parts CEO Wilton Looney

"What we try to sell 's one thing—service."

I'VE GOT only one rule," says Wilton Looney, CEO of Atlanta-based $2 billion (sales) Genuine Parts Co. "Just don't surprise me. I don't like surprises, even if they're good. They only mean you don't know what's going on."

Unfortunately for Looney, a tall, lean 63-year-old who wears flashy, gold, company cuff links studded with diamonds, the year so far has been exactly what he doesn't like. For the first time since Genuine diversified into the industrial parts business in 1976, that division has taken a dive in sales and profits.

Surprise? Most people would expect any industrial company to be down in a recession. Not Looney. He thought his industrial parts business was immune to recession, just as his auto replacement parts operation has been throughout most of its 55-year history. His theory was that industrial concerns would buy replacement parts in down times rather than new machinery, just as motorists defer buying new cars in favor of fixing up the ones they already have. Looney even acquired a Michigan-based industrial parts distributor in 1979, hoping to further build the division. "We were lucky enough to buy in Detroit just when things slowed down," he says with a rueful laugh.

What Looney didn't foresee was the depth of this recession. "We studied [the industrial parts] business from one end to the other, and it never had a downturn in 30 years," he says. "But it's tough right now with so many plants and factories either closed, partially closed or running at half speed."

Result: Industrial parts, which accounted for 22% of sales in 1981, has halved the company's normal growth in earnings to 6% in the first six months from GP's customary 12%-to-15% rise. Looney doesn't expect things like that. After all, GP's five-year average return on equity of 21% ranks it among the top four most profitable concerns in the overall auto parts business. Its ROE last year was more than triple that of the two other publicly owned auto parts distributors, Republic Automotive Parts and Mid-America Industries.

The reason for this sparkling record: Looney generally gets few surprises in his auto parts business, which continues to drive the company forward in good times and bad. Genuine distributes nearly 100,000 different gizmos for cars and trucks through—and this is the best part—72 distribution centers affiliated with the National Auto Parts Association, a marketing group first assembled in 1925 by parts distributors all over the country. About 85% of GP's auto parts output carries the NAPA brand name. The distribution centers sell the parts to 5,200 NAPA jobbers who, in turn, sell to your local auto mechanic. GP itself owns 55 of the 72 distribution centers and 350 of the jobbing stores.

So, although it has only 5% of the overall auto replacement market, it has some 85% of NAPA sales. Genuine got into this dominant position by growing alongside the NAPA network. GP founder Carlyle Fraser (who hired Looney in 1938 at the age of 19 for $15 a week) was instrumental in organizing the association in the 1920s. Now the company expects each NAPA jobber to buy the majority of his inventory from Genuine—most buy up to 85% or 90%. If a jobber falls below that minimum, GP might think about opening another NAPA account close by. Jobbers who support the system get exclusive rights to NAPA products, little, if any, NAPA competition, and lots of service. "What we try to sell is just one thing, and that's service," says Looney, between sips of coffee from a NAPA plastic cup. "From the very beginning, we said we will offer our customer everything he needs to be in the parts business, and that's what we do."

For example, the company guarantees overnight delivery to virtually every customer; that means a jobber can save money by keeping his inventory low. GP agrees to take back obsolescent stock at no cost except freight. It may find a building for a new jobber, furnish a lease for him or even keep his books (1,100 stores take advantage of this) for a fee of 1% to 1.5% on sales.

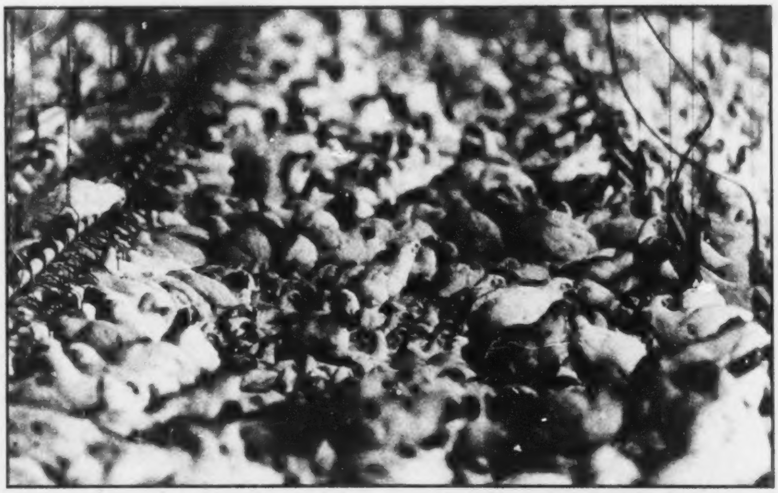
With the healthy business he has in auto parts, why did Looney want to diversify? In the late Sixties and early Seventies, he points out, the FTC was investigating GP's market share in auto parts. "Fortunately, they never saw fit to make any charges," he says. But to protect itself, the company decided to pursue diversification. Besides acquiring the industrial parts business in 1976, it picked up an office supplies firm in 1975 that today has more than $150 million in sales and better than a 20% return on investment. Overall, about 35% of sales are in nonautomotive operations, compared with only 10% a decade ago.

All the new businesses, however, have one thing in common: They distribute, rather than manufacture. "We get nervous with anything that goes up and down," says Looney, "and generally when you get into the original equipment end, it's cyclical. I'm a little bit too nervous for that type of thing." Too many surprises. ■

Thanks to smart, aggressive poultry processors, people are eating more chicken now than ever before. That trend has beef and pork producers worried.

Sleepless nights in Iowa

Wall-to-wall poultry in one of Holly Farms' North Carolina chicken houses
Plenty of vitamins and protein in the computer-formulated feed mix.

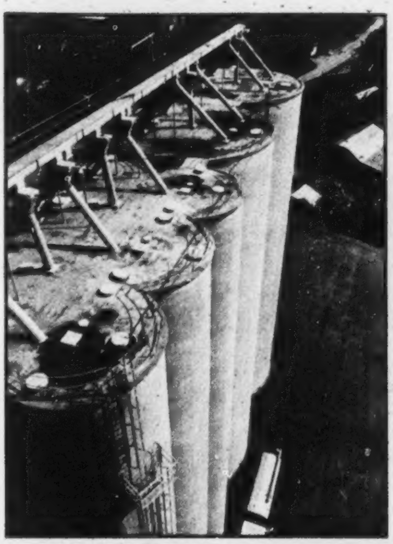


By Jeff Blyskal

THIS IS USUALLY the stuff ranchers chew the fat over: Last year each American consumed 77 pounds of beef, 64 pounds of pork and 52 pounds of chicken. Investors and businessmen would do well to study these numbers, too. Over the past decade they have changed significantly. Since 1970 per capita consumption of beef is down 8%, while pork is level. Then there's chicken, *up* an impressive 30%.

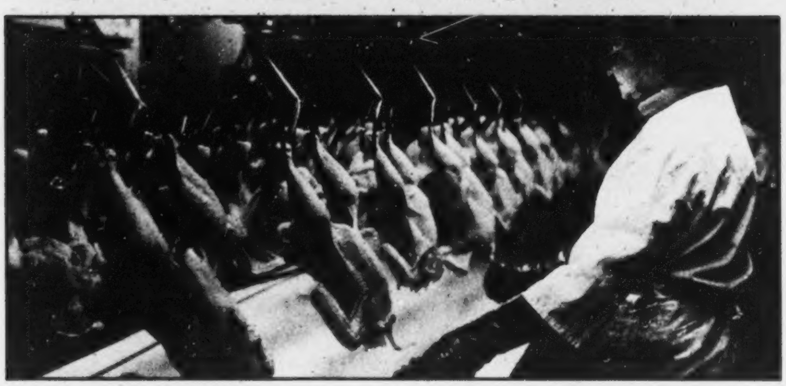
Why? The nation's poultry processors have slowly and quietly become sophisticated marketers. What's more, with present economies in place, the $12 billion-a-year poultry industry should make further gains over the next decade that would move per capita chicken consumption beyond that of pork, and could even threaten beef's once-solid number one position. This is making for more than a few sleepless nights on cattle and hog farms in Texas and Iowa.

There are two forces behind chicken's success—nutrition and price. "Our product is high in protein and low in fat," says John Phillips, president of ConAgra's poultry business, which last year killed some 237 million birds. A hundred grams of cooked beef, for example, contains 387 calories, 23% protein and 32% fat, according to the USDA. Pork has about the same breakdown. An equivalent amount of chicken (including the fatty skin) contains only 232 calories, 26% protein and 13.5% fat. "When you look at studies that say the incidence of colon cancer is greater for people who eat red meat," says Maryland-



Loading chicken feed

Inoculating baby chicks



Inspecting plucked birds

based processor Frank Perdue, "people get concerned."

Meanwhile, look at what has happened to prices. Since 1955 the retail price of pork has more than doubled and beef prices have more than tripled, but chicken prices are up only 31%. That means the poultry industry is a virtual textbook study of how efficient management and creative promotion can increase profits and serve consumers better.

"Vertical integration has been the primary factor in achieving the efficiencies we have," says Harold Chitwood, head of the $400 million-a-year poultry division of Atlanta's Gold Kist farmers' cooperative. Poultry processors like Gold Kist and other industry giants *(see chart, p. 179)* now control almost every phase of the business, from hatching the biddies—baby chicks—that contract farmers raise, to milling and mixing their own feed. They also slaughter and cut up the full-grown broilers, package and deliver chicken parts, cutlets and whole birds to supermarkets, and process deboned meat to make chicken hot dogs, bologna, salami, patties or Chicken McNuggets for McDonald's. "This business is made up of thousands of hundredths-of-a-cent per pound, and if you can gain a couple hundredths of a cent by improving one step of the operation, you have an advantage," says Bill Rusch of the Federal Co.'s $668 million Holly Farms division.

Breeding better chickens has generated tremendous gains, too. "In the Fifties, it took 16 weeks to produce a 3-pound chicken," says Perdue. "Now we get a 4-pound bird in just 7½ weeks." Adds Don Tyson, chief executive of Arkansas-based Tyson Foods, "Some of our experimental work has produced 6-pound chickens in 6 weeks." Unfortunately, that hefty fowl is not yet cost effective.

Broilers today also require less feed. It now takes 2 pounds of the stuff to produce 1 pound of meat, half the conversion ratio of the early Fifties. How come? With the addition of vitamins A and D, for example, broilers don't burn off weight running around in the sunshine—they can stay in the coop. In addition, young chicks that need high protein meal and older ones that require more calories get tailor-made feed. Tyson chickens are fed four different computer-formulated feed mixes over their eight-week lives for optimum growth.

The processors grew rapidly over the years through acquisition, usually during the low end of the three-to-four-year chicken cycle when overproduction pushes prices down and intensifies competition. Twelve of Tyson's 14 processing plants, for example, were acquired from troubled smaller firms. On the present downside of the cycle, Gold Kist has bought Swift's 630,000-head-per-week Douglas, Ga. facility. ConAgra and Imperial Foods Ltd., meanwhile, have formed a joint venture, making the combination the largest producer in the country. Consolidation of the business put additional economies of scale into slaughterhouse operations.

That means much of the 22-minute processing operation—killing, defeathering, eviscerating, debeaking—has been automated, reducing the labor cost of the job. Most of the cutting of the chicken into parts, which used to be done at the supermarket, now takes place at the plant. That allows for more efficient distribution and reduces the waste of unwanted parts, since demand sometimes differs from region to region and even neighborhood to neighborhood. New York, for example, is a big breast market, while the South prefers legs. Beyond that, cutting chicken into parts shifts profits to the processors: Whole chicken costs about 59 cents a pound, legs go for 89 cents, breasts $1.29 and deboned cutlets $2 and up.

In the late Sixties, chicken—once simply a commodity to consumers—became a brand item. California's Foster Farms was one of the first to put its name on the generic model and begin heavy advertising. Then Frank Perdue tried it on the East Coast and now spends "seven figures" annually on highly productive television and newspaper ads to separate his "oven stuffers" from all the rest. "Frank gets a lot more money for his chickens by doing that," says Tyson.

These factors have combined to put the screws on beef, a rivalry, of course, as old as man's appetite. "But we've faced more intense competition in the last several years," explains Tom McDermott of the National Live Stock & Meat Board. "The poultry people have really gotten their act together." Consequently, the NLMB has boosted beef promotion expenditures 700% this year, to $7 million, and will likely up that to $12 million next year. Their message: that beef is worth the higher price. "Folks used to say, 'Beef is a staple. We don't need to promote it,' " says McDermott. "You don't hear much of that talk today. We can't take the market for granted anymore."

There are those who think poultry has actually plateaued. "It will equal or surpass pork by 1990," says Ernest Charron, Chase Manhattan's in-house consultant for agricultural lending. "But per capita chicken consumption will only grow four or five more pounds." Harvard professor and agricultural economist Ray Goldberg agrees. "Consumers can only eat so much chicken per week."

Of course, chicken people, like Holly Farms President Francis Garvin, see things differently: "Our consumer studies show households that buy chicken—50% to 60% of the country—buy it only twice a month. There's room for improvement." What's more, even if scientists develop new breeds of lower-fat, higher-efficiency cattle and hogs, chickens still have a biological edge: "When you breed poultry, you're dealing with a much faster generation," explains Wentworth Hubbard of Merck & Co.'s Hubbard Farms poultry breeding subsidiary. "And you're working with masses of animals, which increases the chances of developing a faster-growing chicken. Just on a purely economic basis, it's too expensive to deal with the same number of cattle."

Poultry breeders, in fact, soon will not have to wait even the few weeks it now takes to discover a chicken's growth rate. Some of Hubbard's researchers are learning to "read" chicken blood serum for fast growth traits, which should speed up the generations considerably. It's part of the reason that Hubbard expects poultry consumption to match beef consumption around 1990.

The chicken industry's greatest asset, however, may be an ability to convert feed into protein. It takes four times more grain to make a pound of choice beef than chicken. The competition could change—and there's always the chance poultry processors will begin resting on their impressive laurels. There are other ways to squeeze even more nutrition from the world's resources. A switch to soy-based protein, for example, would require a considerable change in the U.S. appetite, but that's not an impossiblity. Remember all those steaks folks used to eat back in 1970? ■

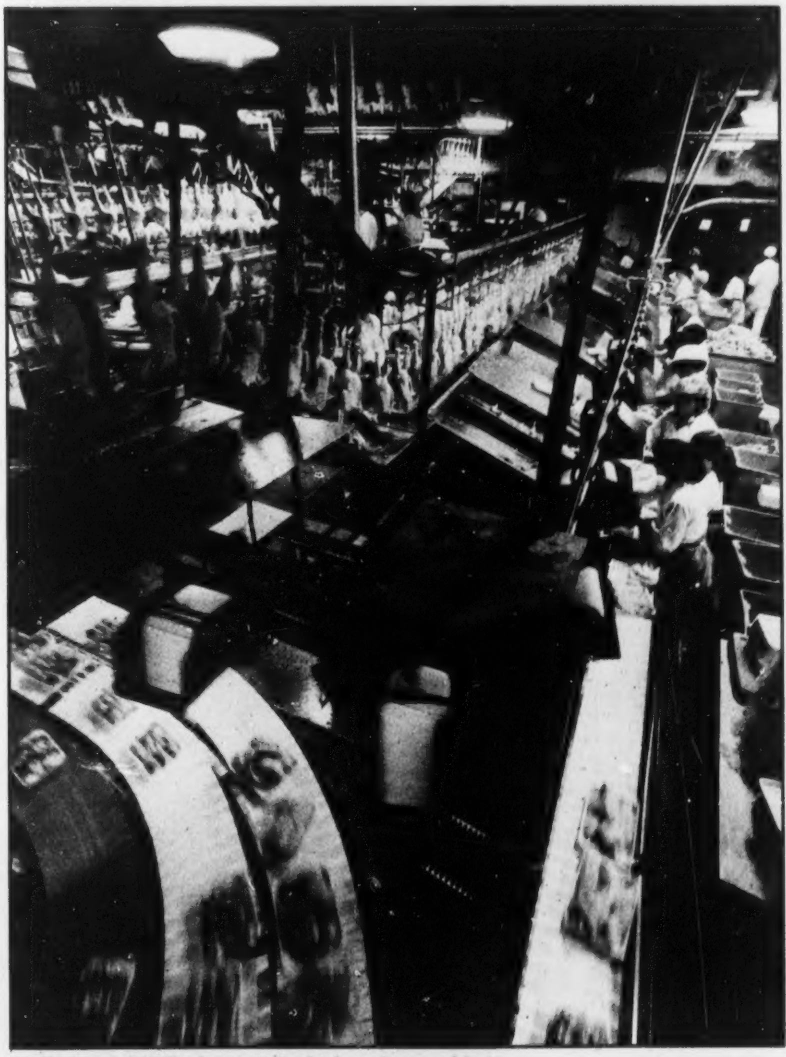
Rulers of the roost

After all the merging and acquiring that has gone on, these are, at the moment, the ten largest chicken producers in the U.S. ConAgra's joint venture with Imperial Foods moves the combination into first place.

Company	1981 production (million pounds, live weight)	Birds slaughtered‡ (million)
ConAgra/C-P Ltd* (NYSE)	1,700	452
Holly Farms (subs. Federal Co.) (NYSE)	1,300	347
Gold Kist (cooperative)	1,100	293
Perdue Farms (private)	850	227
Lane Processing† (private)	700	187
Tyson Foods (o-t-c)	600	160
Valmac Industries† (Amex)	575	153
Central Soya (NYSE)	500	133
Foster Farms (private)	490	131
Pilgrim Industries (private)	480	128

*C-P Ltd. is joint venture with Imperial Foods Ltd. †The Lane family has an 80% controlling interest in Valmac Industries. ‡Estimate.

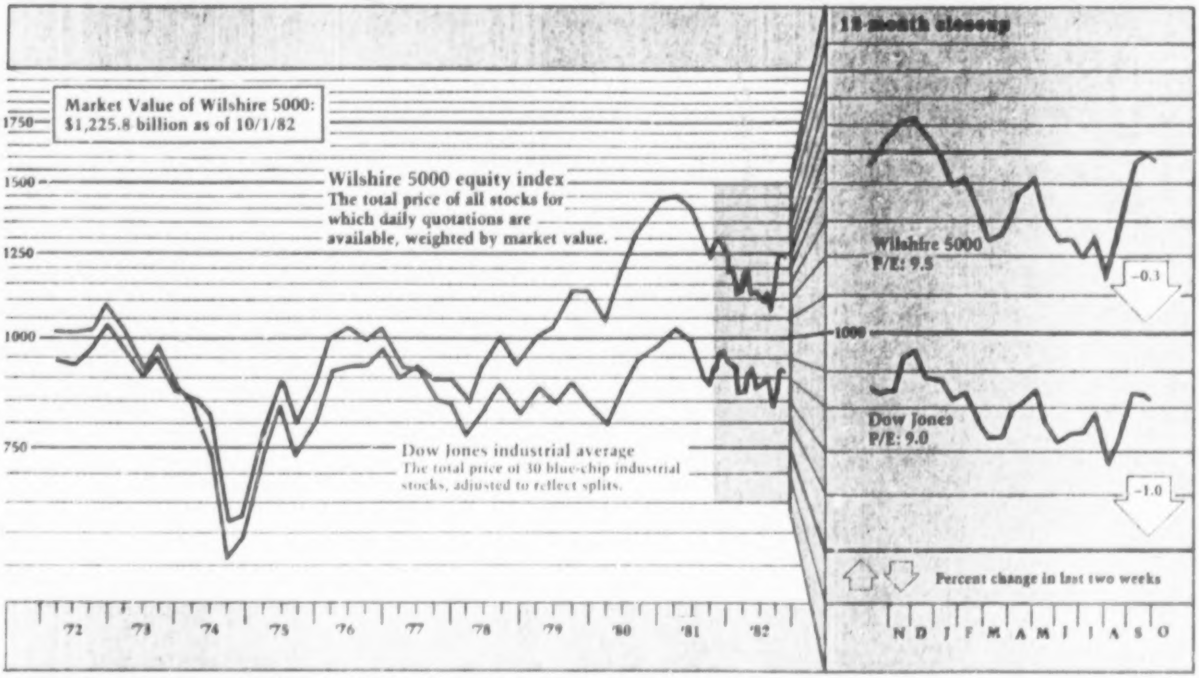
Source: Broiler Industry Magazine



Holly Farms' Wilkesboro, N.C. chicken disassembly line

From here, breasts north to New York, legs south to Atlanta.

The Forbes/Wilshire 5000 Review



Strength in the secondaries. While the blue chips were struggling, NASDAQ issues managed to make some advances. As in previous rallies, it took NASDAQ stocks a bit of time to follow in the tracks of larger companies. During the last few weeks, however, the secondary stocks have developed a momentum of their own.

For the recent two-week period NASDAQ issues advanced 1.1%. Over the past month, meanwhile, they are ahead 3.7% vs. negative figures for all other major indexes. The allure of these is their low prices and small floats. Companies like Carhart Photo, Sloan Technology and Video Station have made spectacular percentage advances in recent trading sessions.

While this was happening, however, blue chips were experiencing some consolidation and profit-taking. It is also likely that with the end of the September quarter, money managers are under less pressure to dress up their portfolios with rally favorites. With continuing signs of economic weakness, the Dow suffered a minor setback over the last two weeks. The Amex experienced an even sharper two-week drop, but at least some of this stems from weakness in widely held Dome Petroleum. The broad-based indexes such as the Wilshire 5000 and Forbes 500 were also off by a few tenths of a percentage point.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	−0.2	−0.2	−1.9	−0.4	−0.7	3.7
in last 52 weeks	0.4	N.A.	5.5	1.7	−8.0	2.3

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	−0.1	2.5	2.0	0.8	2.7	1.6	−0.3	2.3	1.7	1.9
in last 52 weeks	8.2	14.7	−3.3	19.6	15.3	16.6	9.8	14.1	4.6	4.9

NA: Not available.

[1] Based on sales.

[2] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.

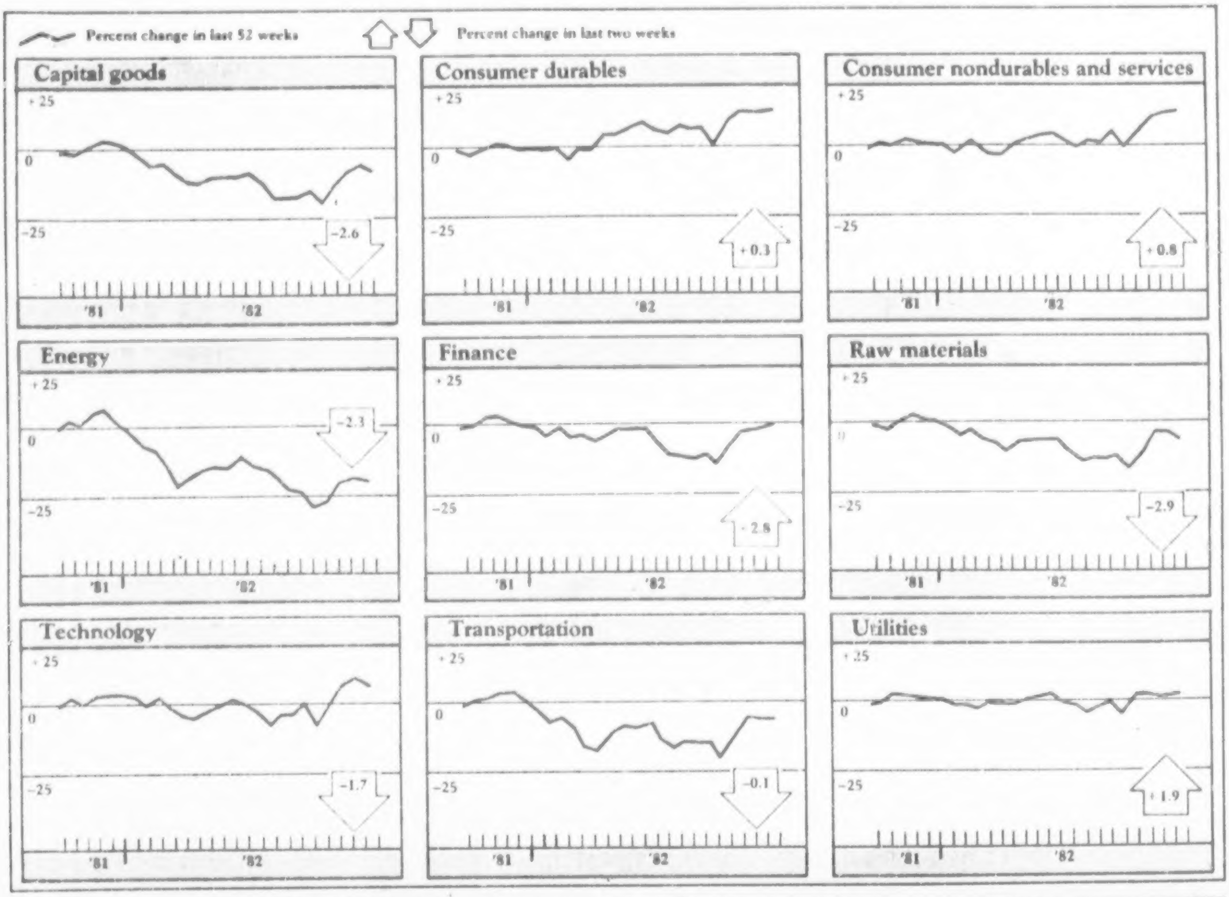
[3] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

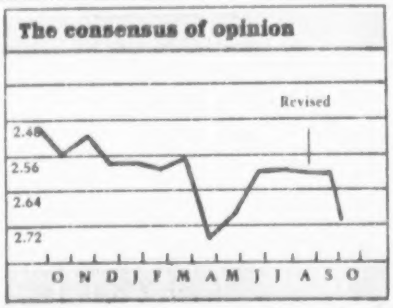
Betting against a recovery. Sellers pushed down prices of manufacturing, resource, technology and transportation companies—all the kinds of basic businesses that could help the economy out of a rut. But investors were stocking up on utilities—defensive issues that generally hold up well in periods of economic weakness.

A second reason for investing in utilities is that, with their high yields, these stocks become even more attractive if interest rates begin to climb again. Shares in companies in the finance sector were also in demand. One possible reason: Higher trading volume usually means larger profits for the brokerage industry.



What The Analysts Think

Reality sinks in. In the last two weeks the buy/sell consensus shifted toward the sell side. Despite splashy news from Wall Street, institutional analysts are becoming more pessimistic. Note that utilities and finance—the two strongest sectors in terms of stock performance—also advanced in rank and are now close to leading here as well.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.41	1	1
2	Utilities	2.55	3	3
3	Capital goods	2.61	2	2
4	Finance	2.69	6	6
5	Consumer non-durables	2.79	7	7
6	Energy	2.80	4	4
7	Raw materials	2.81	8	8
8	Transportation	2.84	5	5
9	Consumer durables	3.02	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 10/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

Some bonds don't pay interest, and some preferred stocks are behind on dividends. That means risks are high—but so is the likelihood of potential rewards.

For gamblers only

By Paul Bornstein

BONDS THAT PAY no interest and cumulative preferred stocks that are in arrears on dividends are not investments for widows and orphans. For gamblers, however, they often present intriguing possibilities. After all, the troubled companies that can't keep their payments current could bounce back. If that does happen, the potential for repayment of past interest or dividends can be very mouth-watering.

The table below lists 36 bonds rated C and under by S&P's Creditwatch. All pay no interest, and the overwhelming majority are also in arrears in the repayment of principal. Bankruptcy is their common link, and reorganization is the key to their future. But the distinct possibility of big re-

Bonds without interest

The companies that issued these bonds are in various stages of bankruptcy. Firms trading at or near their highs represent those close to some form of reorganization. New issues added may or may not emerge solvent.

Company	Coupon %	Maturity	Recent price	Price range —1981–82—		Date ceased payment	Date issued	Issue outstanding (million)
Boston & Maine Railroad (Bos & Me)	6%	7/1/1970	$1,480	$1,510	$1,150	2/1/1970	1965	$ 9.95
Boston & Maine Railroad (Bos & Me)	4½	7/1/1970	1,600	1,670	970	5/1/1958	1940	18.70
Braniff Airways (Braniff Intl)	5¾	12/1/1986	90	550	50	6/1/1982	1966	25.00
Braniff Airways (Braniff Intl)	11⅛	1/5/1987	740	893	560	7/5/1982	1971	8.76
Braniff Airways (Braniff Intl)	10	7/1/1986	460	730	289	7/1/1982	1976	50.00
Braniff Airways (Braniff Intl)	9⅛	1/1/1997	480	599	250	7/1/1982	1976	49.90
California Life[2]	11	3/15/1998	380	540	150	3/15/1982	1978	20.00
Chicago Mil St P & Pac Railroad	4	1/1/1994	860	865	660	1/1/1978	1945	11.60
Chicago Mil St P & Pac Railroad	4½	1/1/2019	890	890	505	4/1/1976	1945	24.70
Chicago Mil St P & Pac Railroad	5	1/1/2055	700	700	380	3/1/1970	1955	55.60
Chicago Rock Is & Pac	2⅞	1/1/1980	910	910	680	7/1/1975	1950	32.70
Chicago Rock Is & Pac	5½	2/1/1983	980	980	560	8/1/1975	1958	14.80
Chicago Rock Is & Pac	4½	3/1/1995	670	800	500	3/1/1968	1955	50.30
Chicago Terre Haute & SE (Chi Mil St P)	2¾	1/1/1994	750	750	430	1/1/1978	1945	7.17
Chicago Terre Haute & SE (Chi Mil St P)	2¾	1/1 1994	730	730	430	1/1/ 1978	1945	4.74
Erie Railroad (Erie Lackawanna Ry/Dereco)	3⅛	1/1/1990	1,280	1,280	735	7/1/1972	1945	32.80
Erie Railroad (Erie Lackawanna Ry/Dereco)	3⅛	1/1/2000	1,280	1,280	735	7/1/1972	1945	38.70
Erie Railroad[3] (Erie Lackawanna Ry/Dereco)	4½	1/1/2015	1,480	1,480	420	4/1/1960	1941	1.70
Erie Railroad (Erie Lackawanna Ry/Dereco)	5	1/1/2020	660	700	200	4/1/1959	1955	26.60
FSC Corp	15¾	8/1/1995	135	950	100	3/1/1982	1980	7.00
Gamble-Skogmo (Wickes Cos)	10	1/1/1989	300	820	270	7/1/1982	1979	39.80
Gambles Credit (Wickes Cos)	9⅜	7/15/1986	470	800	390	7/15/1982	1976	60.00
Itel	9⅝	4/15/1998	260	335	100	4/15/1980	1978	100.00
Itel	10½	12/1/1998	580	580	240	6/1/1980	1978	75.00
Johns-Manville (Manville Corp)	7.85	1/1/2004	400	600	398	7/1/1982	1973	75.00
Johns-Manville (Manville Corp)	9.70	5/1/1985	450	889	450	5/1/1982	1979	100.00
Mego International	12⅞	2/1/1994	140	635	40	2/1/1982	1979	12.70
Missouri-Kansas-Tex RR (Katy Inds)	5½	1/1/2033	235	350	159	4/1/1959	1958	51.70
Morris & Essex RR (Erie Lackawanna Ry/Dereco)	3½	12/1/2000	1,280	1,280	320	12/1/1972	1913	32.60
Southern Indiana Railway (Chi Mil St P)	2¾	1/1/1994	750	750	430	1/1/1978	1945	5.10
United NJ RR & Canal[4]	4½	9/1/1979	1,150	1,150	650	9/1/1970	1951	6.02
White Motor	7¼	3/1/1993	270	480	240	3/1/1981	1968	8.69
White Motor	11	12/1/1999	110	390	50	12/1/1980	1979	10.20
Wickes Corp (Wickes Cos)	7⅞	5/1/1998	365	640	270	5/1/1982	1973	47.70
Wickes Corp (Wickes Cos)	8⅞	7/1/1997	365	575	270	7/1/1982	1977	35.00
Wickes Corp (Wickes Cos)	10¼	7/15/2004	365	730	280	7/15/1982	1979	60.00

[1] Company refers to name of original issuer. If name has been changed or bond is controlled by a different company this information is shown in parenthesis. [2] Majority interest acquired by NPL Acquisition Corp. [3] Convertible into Norfolk Southern common. [4] Guaranteed by Penn Central Transportation. *Source: Standard & Poor's Creditwatch*

Statistical Spotlight

wards is also apparent: Look at the Erie Railroad, for example, which filed plans for reorganization on June 26, 1972. Its 5% bonds now sell for $660 and carry a total of $663 in unpaid interest on current terms. Holders of this bond will not get cash but stock instead. Many investors don't expect bondholders to get 100 cents on the dollar—but even a fraction of that could bring about substantial profits.

The table below lists 14 companies with preferred stock trading in arrears. All these firms are losing money except for Manville Corp., which recently filed for bankruptcy because of asbestos litigation claims, and United National, a real estate company which has been paying a dividend since August 1980, but has not caught up on its arrears. United National stopped paying dividends in August 1974 when cash had to be used for bank debt instead of dividend payouts. In general, preferred dividends are paid only after bond obligations are met and before any payment to common stockholders. Once again, that can alter the potential for major gains.

Chrysler is an interesting example. Irwin Perry at Herzfeld & Stern points out that before the company can make any preferred dividend payment, it must pay off $1.2 billion in government guaranteed loans by 1990. The first payment on that debt is scheduled for June 1983. Since Chrysler has about $1 billion in cash now, Perry feels the company will meet the deadline. "And if it does, the preferred will move," he explains. Another thought: Chrysler's preferred sells for just 1⅜ more than its common. For investors who are enthusiastic about the automaker's prospects and who believe some Street estimates of earnings of $3 to $4 a share in 1983, it's probably a better buy.

Investing in troubled coupons, of course, requires specialized skills. Few of the firms on our list are as well known and closely followed as is Chrysler. Edward Altman, professor of finance at New York University's Graduate School of Business, suggests making a comparison between what the business is worth as a going concern and the value of the outstanding claims. This gives an idea of potential equity available—but getting the data for such calculations is difficult even for professional investors. After reorganization, profits can come in the form of cash, new debt or stock—or a combination of all three.

Winners in this big-stakes game may do very well indeed. Take Interstate Stores as an exceptional example. Prior to bankruptcy in May 1974 its 4% convertible bond sold for around $220. After reorganization in April 1978, Toys 'R' Us emerged. It earned $1.41 last year—and those 4% Interstate convertibles were converted into Toys 'R' Us common and are now worth $12,920, an incredible 5,773% gain.

Another success story is Morris & Essex Railroad, a part of the Delaware, Lackawanna & Western railroad system. It is almost out of reorganization and the line's 3½% bonds sell for $1,280, with each holder scheduled to get $1,361 in cash for the principal and accrued interest under current terms. In 1981 these same securities traded for as low as $320. However, not every troubled company pays off big. Some speculators realize little or nothing on their investments. Before you load up on the stocks and bonds in these tables, remember W.T. Grant and Arlan's Department Stores. ■

Preferreds with no payout

Except for troubled Manville Corp., none of these companies is in Chapter 11, but all are behind in preferred stock dividends. If their situation changes for the better, investors can enjoy hefty dividend catchups.

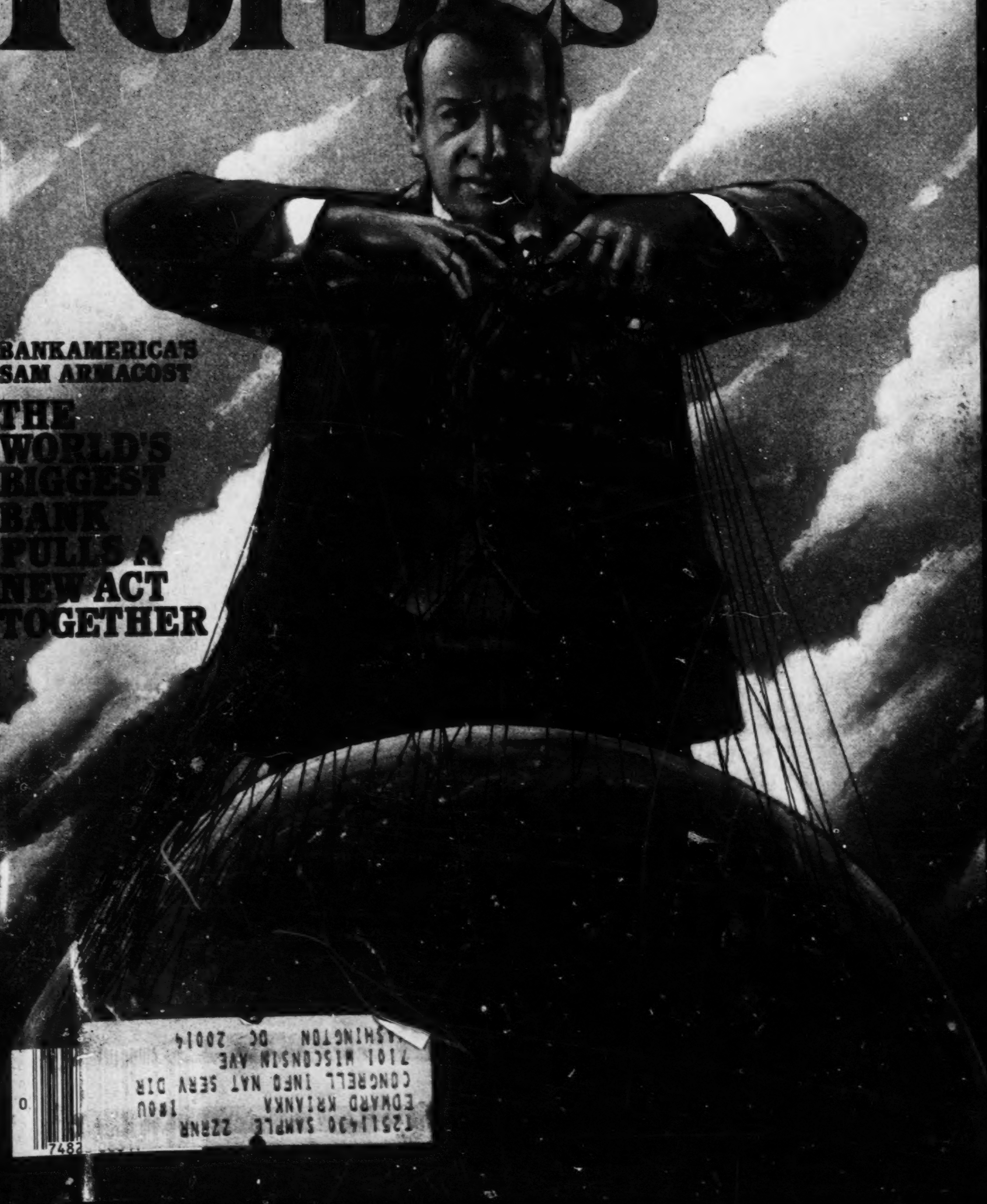
Exchange	**Company**/*business*	Annual preferred dividend	Recent price	52-week —price range—	Last dividend payment	Amount in arrears	Latest 12-month net income (thousand)
a	**Altec**[1] *communications equipment*	$0.80	5	5⅝– 4½	6/1/72	$ 9.00	$ –488
n	**Chrysler** *automotive*	2.75	9⅞	10⅞– 3⅝	9/15/79	8.25	–19,700
n	**Hesston**[1] *agricultural equipment*	1.60	8⅝	11⅞– 8¼	6/1/82	0.40	–7,520
n	**Intl Harvester**[1] *agricultural equipment*	5.76	8⅜	22½– 7⅝	10/15/81	4.32	–715,302
n	**Lehigh Valley Inds**[1] *multicompany*	1.50	9⅞	15⅝– 9½	7/3/72	15.75	–12,680
n	**LLC** *finance*	1.25	4⅞	8¾– 4¼	4/1/74	10.63	–7,061
n	**Manville** *building materials*	5.40	13¼	36 –13⅛	7/1/82	1.35	6,922
n	**Orion Pictures**[1] *entertainment*	0.50	7	7¼– 2¼	11/1/80	0.88	–8,019
a	**Richmond Tank Car**[1] *railroad equipment*	2.50	8½	23 – 7	7/1/82	0.63	–3,002
a	**Seaport**[1] *auto parts distributor*	0.56	3	3½– 2¼	5/14/80	2.24	–61
a	**Susquehanna**[1] *building materials*	1.00	7½	7¾– 5¼	1/25/81	1.50	–96
a	**Unimax**[1] *electrical equipment*	0.60	6	6¼– 5⅝	10/1/72	6.00	–6,520
a	**United National Corp**[1,2] *real estate*	0.70	7⅛	8⅞– 6¾	8/28/82	4.03	3,211
n	**Western Air Lines**[1] *airline*	2.00	10⅝	20¾– 8⅝	12/31/81	1.50	–67,100

a: American Stock Exchange. n: New York Stock Exchange. [1] Convertible stock. [2] Company currently making payments on preferred dividends.

NOVEMBER 8, 1982 TWO DOLLARS AND FIFTY CENTS

1 C3950-1 10/28/82

Forbes



BANKAMERICA'S SAM ARMACOST

THE WORLD'S BIGGEST BANK PULLS A NEW ACT TOGETHER

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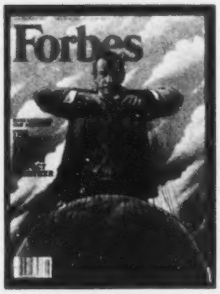

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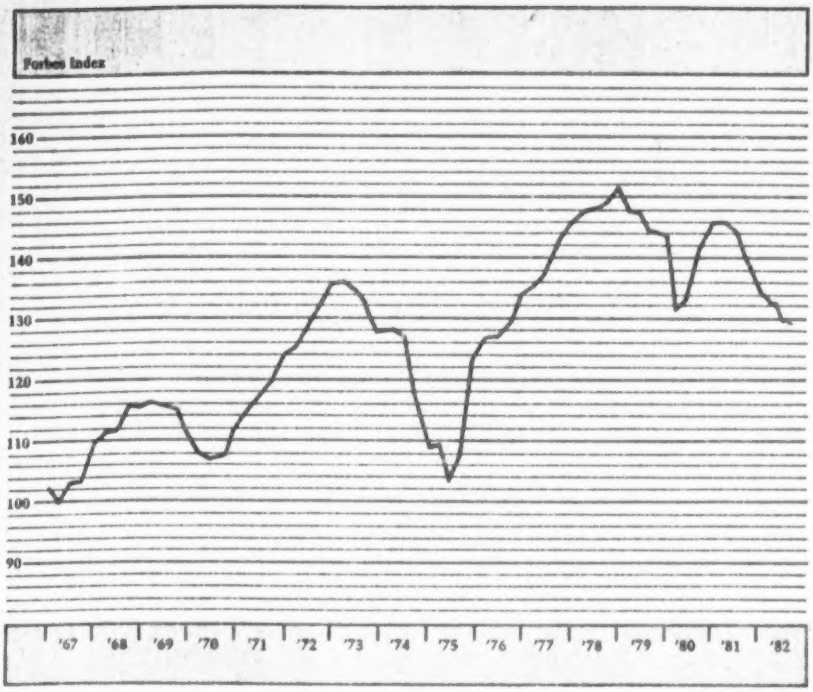
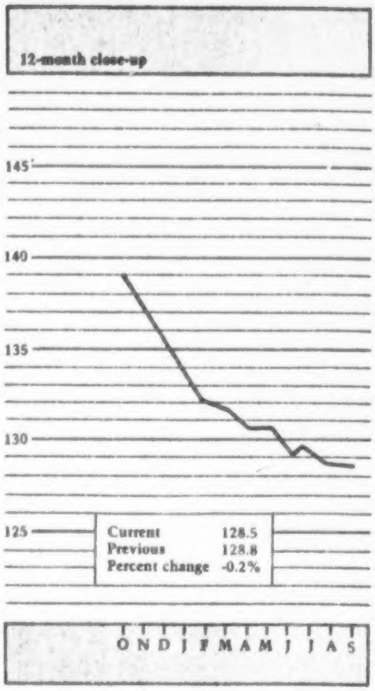
The Forbes Index





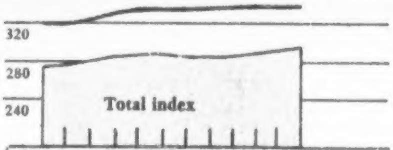
The long wait continues. The Forbes Index is still not showing signs of an impending economic recovery. Industrial production, a leading indicator, declined 0.6% in September, vs. a 0.5% fall in August. It is some 3% lower than that of the 1980 recession.

A little encouragement, however, comes from the 1% gain in retail sales for September. This is on the heels of a 1% decline for August. On the other hand, net credit outstanding was down to $66 million from $570 million in the previous month. Consumers are liquidating rather than taking on more debt—a sign that they are still not prepared to help the economy get back on its feet.

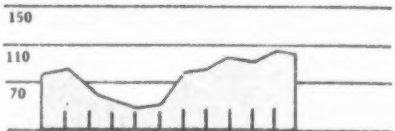
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding**

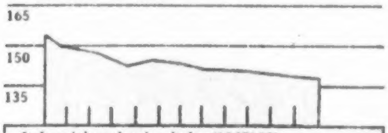
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



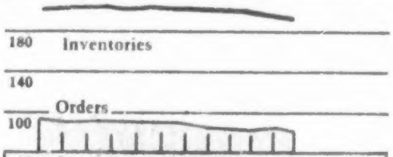
Consumer price indexes (1967100)
all urban consumers, unadjusted (Dept. of Labor)



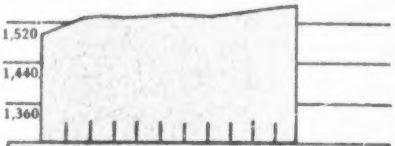
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



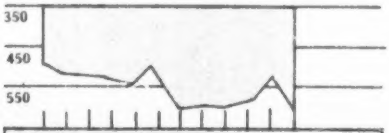
Industrial production index (1967100)
Seasonally adjusted (Federal Reserve)



Manufacturers new orders and inventories
($billions) seasonally (Dept. of Commerce)

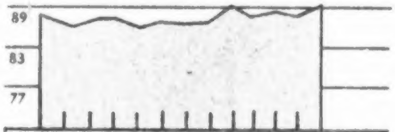


Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)

S O N D J F M A M J J A S



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)

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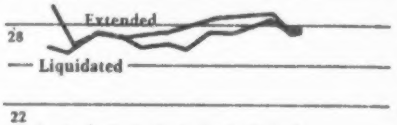


Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

S O N D J F M A M J J A S

Investors are shying away from forest products stocks, so the industry is offering them the trees instead.

A growing investment?

By Kathleen K. Wiegner

AUTUMN, BRINGING brilliant color to the forest, has brought no glow to the $125 billion forest products industry, which continues to suffer from anemic housing starts, slack paper demand and heavy debt loads. Boise Cascade, Champion International and Georgia-Pacific have so much short-term floating-rate debt that they are barely generating enough operating income to cover interest payments. Even the industry's healthier companies—International Paper and Weyerhaeuser among them—face the challenge of massive capital investments to modernize operations in a time of paltry earnings.

But, as well as massive problems, what forest products companies have in abundance are trees—millions of acres of them carried on the books below even today's depressed market values. Troubled Crown Zellerbach has an estimated $69 a share in timberland, while its stock sells for $18 a share; IP has $73 per share in trees, $45 a share on the stock market.

And that is giving rise to an idea on Wall Street. "There is a tremendous imbalance between the book value of timber and the market value," says Donald Brennan, who recently left International Paper, where he was a vice chairman, to head up Morgan Stanley's newly formed forest products group. "Some place between those two numbers there's an opportunity to monetize that timber. The typical timber operator is utilizing only 1% to 2% of his inventory a year. He can take that unproductive asset and turn it into capital."

How? By offering wealthy individual, pension fund and foreign investors an investment in the trees. Investment bankers and forest products companies are now trying to devise investment vehicles such as timber-backed preferred stock or bonds. None has been offered as yet, but the basic idea is that the timber would be an equity kicker allowing the bond to be priced at a lower rate of interest (or, given current credit standings, allowing the bond to be sold at all).

Bond or preferred issues would be more complex than the deal International Paper concluded in March with Britain's National Coal Board pension fund. In that deal IP raised $24 million from 26,000 of its acres in Louisiana. IP gets the right of first refusal when the trees are ready for harvest and shares with NCB in the appreciation in wood volume. NCB, however, gets all appreciation in the price. For example, if the market paid $100 per thousand board feet today but three years from now the market was paying $110, IP would pay $110 and the NCB would pocket the $10 difference.

Note, however, that IP kept control over use of the trees. Forest products companies, with pulp, lumber and plywood their only products, do not have the option of building-materials supplier Masonite Corp., which spun off 467,000 acres of its timberland (valued at $530 million) to its shareholders in August. "The stock market didn't reflect the underlying asset and probably never will," says a Masonite spokesman. So Masonite transferred timber and mills to the shareholders in a partnership that will liquidate the holdings over five years.

Masonite clearly believes trees are a better investment for individuals than for corporations, and so does E.F. Hutton. Hutton's Timber Partners raised $20 million last year to buy 30,000 acres of timberland in Georgia

The forest or the trees?

How do you measure the worth of an asset? Do you look at earning power? Then the value of the forest products industry's timber may be overstated these days. Or do you look at hypothetical liquidation value, as this table does? Then you see an opportunity for a cash-strapped industry to monetize trees.

Company	Total assets (bil)	Sales 1982 est. (mil)	Net income 1982 est. (mil)	Timber estimated market value (mil)	Timber value per share	Recent stock price
Weyerhaeuser	$5,716	$4.2	$108.7	$8,035	$60	34⅜
International Paper	5,544	4.1	131.5	3,607	73	45
Georgia-Pacific	5,060	5.4	59.0	2,781	25	25½
Champion International	3,443	3.8	22.0	1,686	28	19½
Boise Cascade	2,740	2.9	Nil	1,502	56	31⅛
Crown Zellerbach	2,614	3.0	24.0	2,049	69	23½

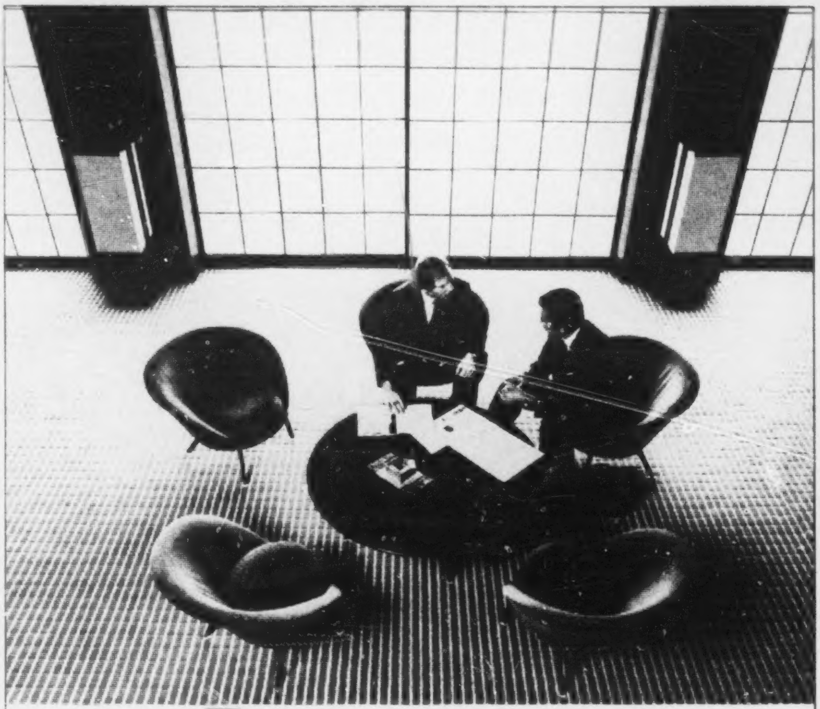
Source: Thomas Clephane, Morgan Stanley and Florida. The partnership has up to a 15-year life and estimates that, including inflation, an investor should realize a 15% to 20% return.

Because of the long-term nature of tree investing—even in the South it takes up to 35 years for a pine to grow—pension funds are also interested. Especially today when prices in the South have fallen 15% to 20% over the last year. "It's a buyer's market now if you have cash," says David Graham, vice president of the trust division of First National Bank of Atlanta. "Timber companies don't have the cash. We do." Graham's fund, called Timberland Trust II, buys timberlands, manages the land and will offer the trees on the open market to the highest bidder at harvest time. "We tell investors this is at least a ten-year investment," says Graham, "with a potential real return after inflation of from 5% to 10%." Any proceeds of the partnership would be taxed at capital gains rates.

> ***"The stock market didn't reflect the underlying asset value and probably never will," says a Masonite spokesman.***

Taxes aside, the rate-of-return projections of timber participation salesmen may be too rosy, considering the 1980s outlook for timber—which is far different from that of the last decade, when prices rose as much as 10% above inflation. True, the investor can look for physical growth—5% to 10% a year in the South—as well as price growth in trees. But there are few bargains; today's depressed prices are higher than those of most of the 1970s. Thomas Clephane, Morgan Stanley's forest products analyst, estimates that timber price escalation this decade should be only 1% to 3% above inflation, assuming good times economically.

The beleaguered forest products companies, however, are unlikely to look askance at the gift horse of investor interest in trees. It could be a big answer to their problems. "Our estimate is that the industry probably has the ability to generate less than 40% of its capital requirements over the next five or six years," concludes Brennan. "Given the increasing investor awareness of this kind of investment, it would be a natural fit to bring them both together." And who better to do the job than investment bankers, who get their fees whether those trees appreciate or not? ■



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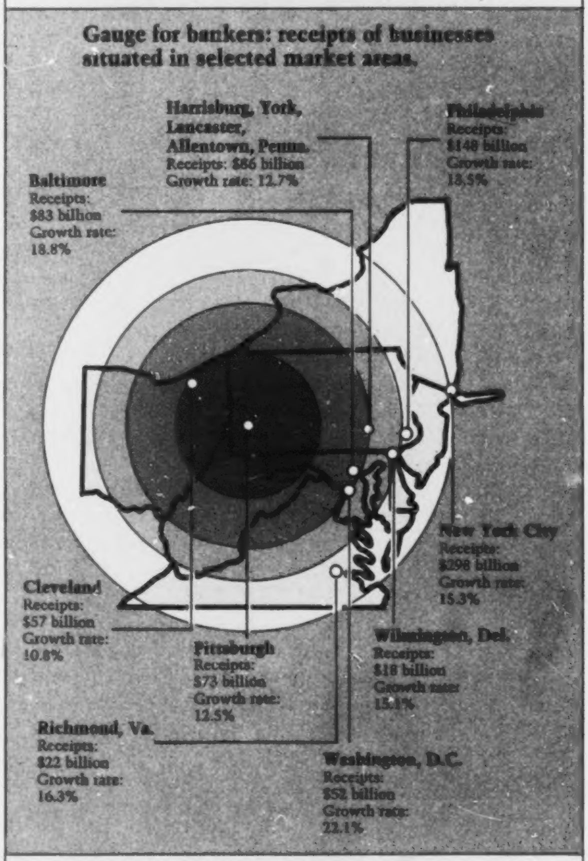
After years of making eyes at each other, bankers in Pittsburgh and Philadelphia are finally permitted to do something more.

Merger mania in Pennsylvania

By John R. Dorfman

EAVESDROP ON A recent conversation between two Pennsylvania bank chairmen in the corridors of an industry conference: "I understand," says one, "that you're interested in an acquisition. We're available for two times book value." The second chairman smiles. His reply has just three words: "So are we."

Where the customers are


Gauge for bankers: receipts of businesses situated in selected market areas.
Harrisburg, York, Lancaster, Allentown, Penna. Receipts: $86 billion Growth rate: 12.7%
Philadelphia Receipts: $148 billion Growth rate: 18.5%
Baltimore Receipts: $83 billion Growth rate: 18.8%
New York City Receipts: $298 billion Growth rate: 15.3%
Cleveland Receipts: $57 billion Growth rate: 10.8%
Wilmington, Del. Receipts: $18 billion Growth rate: 15.1%
Pittsburgh Receipts: $73 billion Growth rate: 12.5%
Richmond, Va. Receipts: $22 billion Growth rate: 16.3%
Washington, D.C. Receipts: $52 billion Growth rate: 22.1%

Note: All figures are estimates. Growth rates are for 1977-82.

Source: Dun & Bradstreet and Oxxford Systems, Inc.

Pennsylvania is a hotbed of merger activity now, not all of it as lighthearted as this. What's more, at a time when most banking combinations are viewed as jockeying for position in advance of interstate branching, the current activity has significance far beyond the Keystone State.

Pennsylvania's party began in March when the legislature eased longstanding restrictions on mergers and branching. Before, a holding company could own but one bank. Now, it can acquire four within four years and another four in the following four years. Each bank can branch in its home county and two concentric rings of surrounding counties. Previously, only one ring was allowed.

In essence, this amounts to statewide banking—and the change came in part because, under pressure from money market funds and other forms of competition, small banks are gradually reducing their traditional opposition to branching (FORBES, *Oct. 25*). Whether that's a breakthrough depends on your point of view. "In Pennsylvania, we're not on the cutting edge of much of anything," says J. David Barnes, chairman of Mellon National Corp., the state's largest bank corporation. "About 45 states have some form of statewide banking. We're just reacting, tardily, to forces that other places reacted to more promptly."

For Pennsylvania's big banks, however, it's better late than never. Within the past seven months, eight of the ten largest institutions in the state have announced proposed combinations. Pittsburgh National Corp. was first out of the gate. It is the state's second-largest bank holding company—but with $7 billion in assets, less than half the size of Mellon National. In April, Pittsburgh National snapped up Provident National Corp., whose 1.15% return on assets is even better than its own 1.04%. Says Brian McShane, an analyst with Butcher & Singer Inc., of this first merger, "You could have been a blind man and seen it coming."

Then came a lull. Everyone was waiting to see what Mellon would do. Its pick, announced in August, surprised some people, among them C. Edward Hodges, an analyst with Janney Montgomery Scott. "I thought they would have gone after someone with an emphasis on middle market lending and with outstanding performance—either Continental Bank or Provident," he says. Instead, Mellon picked Girard Co., with a 1981 return on total assets of just 0.61%.

Girard, however, has several attractions. Not least among them is a proprietary automatic-teller-machine network that Girard, in effect, franchises to other banks. Through ATMs, Girard has a presence in New Jersey. Through a subsidiary, it also has a presence in Delaware. This geographical spread is obviously a plus for Mellon. So, no doubt, is Girard's profitable and well-established $9 billion trust department. Girard also came cheap, at only 79% of book value; a bit less than the 87% that Pittsburgh National paid for Provident.

Then there's another issue—pure size. Mellon wanted market share in Philadelphia. Going after the city's largest bank, $6 billion Philadelphia National, might have created antitrust problems. Second-ranked First Pennsylvania, meanwhile, has just over $5 billion in assets, but with a history of bad loans and a huge debt load, it is hardly an ideal merger partner. That leaves Girard, slightly smaller than First Pennsylvania and Philadelphia's third-largest bank.

Once Mellon acted, however, other dominoes began to fall. Philadelphia National Corp. snared Lancaster-based National Central Financial Corp., better known as the parent of Hamilton Bank, the state's ninth-largest institution and perhaps its most aggressive. "I was at a conference recently where bankers were asked if they wanted a totally deregulated financial instrument," says McShane. "Many of them said no, because Hamilton would implement it right away."

Continental Bancorp, a highly profitable second-tier Philadelphia bank, snatched up York Bancorp, situated in a fast-growing section of the state. "In York," moans one competitor, "they don't know what a bad loan is."

Then American Ban-

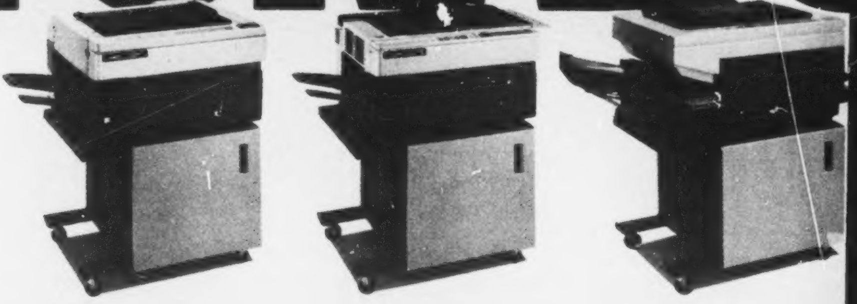
The wooers, the wooed and the wallflowers

Since April, eight of Pennsylvania's ten largest banks have announced proposed mergers or acquisitions. The pair-ups make for great gossip, reminiscent of senior prom. *He's* going with *her*? What does *she* see in *him*? Herewith, a dance card.

Company	Headquarters	Assets billions	Return on assets	Number of US branches	Recent activity
The wooers					
Mellon National Corp	Pittsburgh	$18.4	0.74%	110	Acquired Girard Co
Pittsburgh National Corp	Pittsburgh	6.9	1.04	110	Acquired Provident National Corp
Philadelphia National Corp	Philadelphia	6.3	0.61	69	Acquired National Central Financial Corp
Fidelcor	Philadelphia	3.7	0.85	71	Acquired Southeast National Bancshare of Pennsylvania Inc
American Bancorp	Reading	2.3	1.00	74	Acquired Central Penn National Bank
The wooed					
Girard Co	Philadelphia	4.8	0.94	134	Acquired by Mellon National Corp
Provident National Corp	Philadelphia	3.3	1.15	57	Acquired by Pittsburgh National Corp
National Central Financial Corp	Lancaster	2.3	0.80	63	Acquired by Philadelphia National Corp
The wallflowers					
First Pennsylvania Corp	Philadelphia	5.3	0.03	68	None
Equimark	Pittsburgh	3.0	−0.56	89	None, but has preacquisition agreement with Citicorp

Note: Asset totals are for holding companies; return on asset figures are for holding companies' principal banks.

NATURALS



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corp, based in Reading, moved into Philly through a pooling-of-interests merger with Central Penn National Bank. American's announcement stressed that Pittsburgh and Philadelphia wouldn't be allowed to dominate all banking activity in the state. "You could almost hear 'The Battle Hymn of the Republic' in the background," says McShane.

In the last large acquisition announced to date, Fidelcor, the parent of Fidelity Bank, Philadelphia's fourth-largest, picked up Southeast National, based in the Philadelphia suburbs. Fidelcor's Chairman Ray Dempsey, who has worked quite a turnaround over the past few years, sounds as if he would as soon be the prey as the predator. "We did not receive an overture," he says. "We would have entertained it if we had. We believe that the thing most appropriate for stockholders is the right thing to do."

There have been minor mergers, too, and there will be more—both major and minor. But already a couple of patterns have become clear. One is that banks are going cheap. The range has been from about 0.75 to 1.5 times stockholders' equity, and from about 4 to 8.5 times earnings.

Another is that size counts. Sure, banks nestled in good growth areas make attractive targets, as do banks with an above average return on assets. But the banks are limited in the number of acquisitions they can make. As Paul Nadler, professor of finance at Rutgers University, puts it, "Why use up the chits on a little one?" Nadler says that some small banks pushed for the four-acquisitions-in-four-years limit. The result, he thinks, is that "the small banks screwed themselves."

Analyst Hodges points out another reason larger banks are in demand. "Size," he says, "is an important attribute, so that when interstate banking comes, the institution will be large enough to pick plums, mainly in the Sunbelt."

Dempsey of Fidelcor emphasizes the importance of market share, as he explains why no Philadelphia bank is eager to venture west into Pittsburgh, which is dominated by Mellon and Pittsburgh National. "As with other industries," he says, "you don't go into markets with a nominal share. You get eaten alive."

With Pennsylvania having fallen, Illinois and Texas are the largest remaining states with severe restrictions on branching. In this environment, can interstate banking be far behind? William Eagleson Jr., chairman of Girard Co., speaks of "natural markets," which may happen to cross state lines. "I can look out my window and see New Jersey," he says. "Many of our employees, including top executives, live in New Jersey. Yet we cannot provide a rounded service there. That makes no sense to me."

Dempsey, in fact, thinks that contiguous-state banking will come before outright nationwide banking. "The cry for interstate banking," he says, "is from the very large banks situated in places where the economies are not growing. Contiguous-state banking would prevent the big New York and upper Midwest banks from going into the Sunbelt. The Texas banks are not clamoring to get into New York. They want to expand into Arkansas, Louisiana, Oklahoma and Arizona."

If he is right, branch banking becomes less an issue that pits small towns against big cities and more a question of letting competition reach across state borders. This makes some loosening of the current federal regulations all the more likely—and, when it happens, the Pennsylvania experience offers two lessons. One is that raw size is still a valuable asset. The other is that, unless the banking climate changes radically, no bank, large or small, is likely to command the price that satisfies its management. ■

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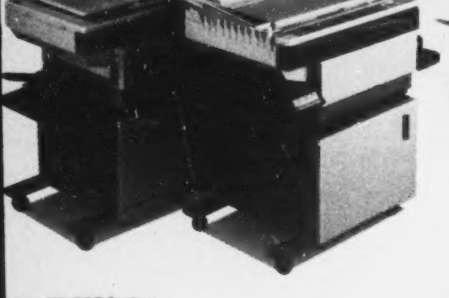

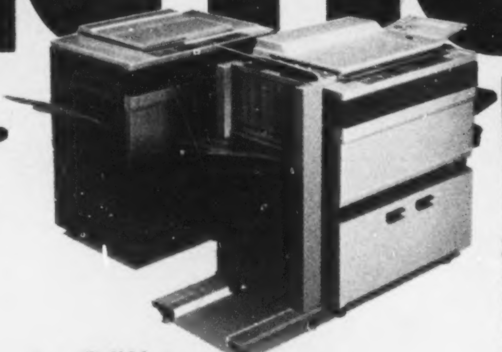

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The Up & Comers

The recession and high interest rates account for 148 dropouts from the Up & Comers Class of '81. What's surprising is that another 150 companies have taken their place.

"Their money was on the table"

By Paul B. Brown and Steve Kichen

A FUNNY THING HAPPENED while FORBES compiled its 1982 Class of Up & Comers. For every company we struck from the list, another sprang up in its place.

That isn't what you would have expected, what with interest rates high for most of the year and the recession. We expected last year's list to shrink. In fact, 148, or more than half, of last year's 291 Up & Comers failed to meet the stringent criteria needed to make the list of the most promising small companies. No one segment of the economy was hurt more than any other. What did in many (61) of them was their inability to maintain at least a 15% earnings-per-share growth rate for the last five years.

Plenum's Martin E. Tash
Finding your niche is invaluable.

Of course, some companies graduated from the Class of '81, shortening the list further. FORBES has arbitrarily decided that any company with sales over $100 million has up and arrived. This year that cutoff point eliminated 19 companies, ranging from Moran Energy ($100.5 million sales), an oil and gas exploration firm, to Petroleum Equipment Tools ($155.6 million), which makes oilfield equipment.

Of the 150 companies new to the list this year (indicated by bullets) 17 were petroleum-related businesses, oil glut or no. GTS Corp. and Berry Industries topped the category. Computer firms, though, were the big winners: Twenty-seven of the new additions provide hardware, software or computer services. Continuum led the list with a five-year average return on equity of 96%. Also noteworthy are 15 new electronics companies like SFE Technologies, which makes ceramic capacitors. The rest of the list runs the gamut from a diaper service—Blessings Corp., a newcomer—to missile components, Aeroflex Laboratories (FORBES, *Sept. 27*).

What did it take to be a member of the Class of '82? Besides the sales and earnings requirements, we demanded the company have an average return on equity of at least 15% over the last five years. To make that number meaningful, we eliminated companies with debt greater than 100% of book value. Above that we considered the company to be too highly leveraged in this economic environment.

How did 293 public companies meet those stringent requirements? To Elliott Schlang, a partner at Prescott, Ball & Turben who follows "emerging growth stocks," it boils down to good management: "These are companies led by entrepreneurs whose money is in the shares themselves," Schlang says. "I am not sure they are smarter than anybody else. But it's their money on the table, so they are doing things early on that other managements just talk about. They have cut their payrolls early; have quickly chopped products that aren't working and they are closing plants."

Martin E. Tash, chairman of Plenum (FORBES, *June 7*), a scientific publishing house that is a perennial on the list, adds: Finding your niche proves invaluable during a recession. "We serve custom markets with products [esoteric scientific journals and texts] that they must have," he says. "When times are tough, it doesn't help us, of course. Still, somehow,

Chyron Chairman Leon Weissman
On TV, good times and bad.

people have to get the information we provide."

Chyron Corp. (FORBES, *Jan. 18*) is an example of what Tash is talking about. The $10 million (sales) company derives 95% of its sales from an electronic system that allows television stations to superimpose images that identify a speaker or to display election results or stock prices. The company dominates the field.

"Right now our biggest problem is that we're running out of space," says Chyron Chairman Leon Weissman. "That's the kind of problem we like to have. We have not been affected by the economic conditions. The television market has continued to be there, good times and bad."

But even if you have a market, you still have to exploit it properly, says Bill LeVine, president of Postal Instant Press (FORBES, *Feb. 2, 1981*), which provides printing services through 700 franchises. "We can't just sit there and wait for people to walk in the door. Marketing is one of our basic backbones, but now we have to give it an extra push," he says.

The other common theme that runs through the repeaters on the list is that they have all slashed unnecessary expenses, paid down their debt and searched for new but related markets. Basic? Sure. But the basics are not always followed. For example, 11 of the companies that were dropped from the list this year fell off because they are too highly leveraged.

Savvy Up & Comers never forget the basics. Since 1978 Walbar, Inc. (FORBES, *June 22, 1981*), maker of precision jet-engine parts, reduced debt from 22% of total capital to less than 1%. "The general aviation market is down, but we are surviving," says Douglas Hunter, Walbar president. "We're still sticking to the products we are good at, and we don't see any real bad things happening to us."

Lloyd Miller, chairman of Vulcan

The institutionalization of NASDAQ

Gordon S. Macklin, president of the National Association of Securities Dealers Inc., is showing a visitor around NASD's Washington headquarters. There are cables strewn everywhere. Workmen are lowering and raising ceilings. Partitions are being installed so more staff can be added.

"Sorry for the mess," says Macklin, 54, a former partner of McDonald & Co., the Cleveland securities firm. "Normally we're neater. But the mess is symbolic."

That it is. Twelve years ago, when Macklin became president of NASD, the self-regulatory agency for over-the-counter stocks, NASD called the o-t-c market "a moribund backwater of the securities industry." All that has changed.

Gordon Macklin
NASD grows up

Today, NASDAQ (the AQ stands for automated quotations) accounts for 25% of *all* shares traded on *all* exchanges. Perhaps the most telling number about NASDAQ, where two-thirds of the 1982 Class of Up & Comers trade, is that institutions now account for 50% of NASDAQ's volume.

What happened to that moribund backwater? First, the drop in the capital gains tax from a high of 48% in the 1970s to the current 20% pulled a lot of investors back into all stock markets. When they came back they went looking for earnings growth that would substantially outpace inflation—the kind of growth you find with Up & Comers. As a result, the number of investors buying NASDAQ stocks doubled from 5 million in 1975 to 10 million by 1980. A far faster growth than the 45% on the NYSE for the period.

Second, an increasing number of o-t-c companies are remaining in the over-the-counter market, instead of moving to the American and New York stock exchanges the minute they qualify in terms of capitalization and float. Almost half of the 3,400 NASD companies qualify today for Amex or NYSE but have chosen not to switch. How come? After all, the American and New York stock exchanges have long claimed that listing with them lowers the cost of equity capital because investors perceive the stock as less dicey and so are willing to pay more for it *(Up & Comers, May 24)*. But o-t-c companies aren't buying that argument and see significant advantages in remaining over-the-counter. Unlike Amex or NYSE, NASD stocks have more than one marketmaker. The average NASDAQ-listed company has about seven. This is NASD's strongest card, Macklin says. "Part of our magic is that many of the marketmakers are regional houses that really know the companies in their backyard."

What all this means is that companies like Apple, American Greeting Corp. and Nike are still o-t-c companies. In fact, MCI, another NASDAQ-listed firm, was the most actively traded stock for a good part of the year. It is institutions that are behind a high percentage of that trading.

As bigger companies remain on the o-t-c market, their larger floats attract more and more institutions. NASD will soon break out its most actively traded companies separately, accommodating the shift.

But it is not only the larger stocks that are drawing the institutions' attention. Analysts report that stocks with smaller floats and revenues under $100 million are starting to interest them as well.

"A greater number of institutions are taking a small percentage of their total equity dollars and are investing in smaller companies; that is an investment strategy that is accelerating," says Elliott Schlang, a partner at Prescott, Ball & Turben. "Maybe they see these companies coming through this economy with record earnings because of their controls, or their product niche, or some combination." They're right, and for the past five years the NASDAQ composite index has outperformed the S&P's 500 by an increasing margin.

What does all this mean? Well, for one thing it means that NASDAQ stocks are more actively traded than ever. It also means they respond more rapidly to broad stock market rallies. Traditionally, institutions would spark the rally and only after a bull market had been confirmed would individual investors come into the o-t-c market. With institutions heavily in the o-t-c market, however, volume of NASDAQ stocks now increases the moment there is a surge on the NYSE.

The negative side to this is that smaller stocks, like o-t-c high-technology companies, are more quickly affected by the performance of their larger counterparts on the NYSE. When prices of NYSE technology stocks fell in late spring and into the summer, they took the NASDAQ high-tech stocks down with them.

In short, NASDAQ has finally come of age.—**P.B.B.**

Corp. (FORBES, *June 21*), maker of shoe lasts, the forms on which shoes are manufactured, may be as far away from the jet-engine market as you can get, but his approach is basically the same as Walbar's.

"Our strategy is to adjust to the realities of the business pattern," says Miller. "Some of our plants now run just three days a week." Still, Miller is not overly concerned. The company has reduced debt, which was as high as 49% of capital nine years ago, to 10%, and like many companies on our list is buying more efficient equipment to increase margins and prepare for the upturn in the economy. "We are strong financially and will weather the storm," Miller adds.

A nice reward for paying attention to the basics. ■

Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	P/E
• **GTS Corp** *oilfield services*	523.3%	53.9%	87%	$12.8	$2.68	$2.17	50%	2⅞	0%	$1.17	2.4
• **Jones Intercable** *CATV*	200.0	11.2	95	7.3	2.24	1.78	22	4⅜	–14	0.20	21.8
Republic Gypsum *building materials*	196.0	12.3	28	20.2	0.95	4.36	59	7⅜	15	0.54	13.6
• **Mylan Laboratories** *ethical drugs*	161.7	38.3	40	31.7	3.80	3.96	20	13⅝	–19	1.52	8.9
• **Continuum** *computer software*	96.3	22.5	92	19.8	2.73	4.83	7	14¾	0	1.09	13.5
Adage *computer equipment*	95.6	17.4	38	25.7	1.87	8.10	9	21	16	1.41	14.8
Key Pharmaceuticals *ethical drugs*	90.7	28.2	83	41.4	5.98	1.17	3	24¼	71	0.33	73.4
• **Barton Valve** *machinery parts*	86.5	19.0	184	22.5	4.38	8.28	6	5	–83	1.58	3.1
• **Berry Industries** *oilfield services*	86.0	16.0	112	47.4	4.90	3.79	55	2¾	–57	0.61	4.5
• **Survival Technology** *medical equipment*	84.6	14.5	93	20.3	0.75	1.99	0	8⅝	–1	0.29	29.7
General Defense *weapons manufacturer*	79.3	47.3	43	81.4	7.34	3.34	22	17½	19	1.58	11.0
Lin Broadcasting *broadcasting*	79.3	41.7	18	71.0	17.38	4.10	43	28¼	49	1.71	16.5
Pioneer Group *finance*	78.9	41.1	40	13.7	3.77	4.42	0	24¾	12	1.82	13.5
• **Sage Energy** *oil and gas exploration*	69.1	32.2	88	75.3	17.32	4.34	55	7	–59	1.40	5.0
Quotron Systems *financial info services*	68.6	18.1	29	88.1	12.49	9.39	24	41	14	1.70	24.1
Initio *mail-order sales*	67.9	24.4	58	15.0	2.47	1.84	8	4	1	0.45	8.8
Mark Products *precision instruments*	65.0	29.6	49	69.2	9.61	3.27	32	2⅝	–72	0.97	2.7
WD-40 *lubricants*	63.9	48.6	25	44.5	7.84	7.48	0	49¼	34	3.64	13.5
Plenum Publishing *publishing*	61.4	45.6	15	25.7	3.73	4.95	2	28	51	2.26	12.3
Dranetz Engineering Labs *precision instruments*	60.6	22.4	19	16.0	1.94	4.37	1	13¾	–1	0.98	14.0
SafeCard Services *credit-card loss service*	57.5	26.0	38	25.8	4.52	3.84	0	13¾	– 8	1.00	13.7
• **Alpha Microsystems** *computer equipment*	57.0	8.2	97	26.4	1.43	5.45	0	4⅜	–27	0.45	9.7
• **General Employment Entrp** *employment services*	52.0	11.0	25	17.4	1.25	2.00	0	4	– 43	0.22	18.1
Bolar Pharmaceutical *ethical drugs*	51.3	22.2	32	15.2	2.71	3.33	0	21⅝	37	0.74	29.2
Aztec Manufacturing *oilfield equipment*	50.5	31.1	38	55.5	10.25	5.78	2	7¼	–51	1.80	4.0
• **Seis Pros** *oilfield services*	49.9	31.7	74	45.9	6.65	4.85	48	4⅜	– 67	1.54	2.8
Sykes Datatronics *computer equipment*	48.7	14.6	73	45.4	7.85	2.73	16	6⅜	–77	0.40	15.9
• **McRae Industries** *footwear*	48.7	28.6	58	13.9	1.91	4.33	0	12	41	1.24	9.6
Staff Builders *employment services*	48.5	12.7	17	72.7	1.80	3.99	0	6¾	–21	0.51	13.2

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Up & Comers Class of '82

Company/*business*	Return on equity		5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price		Latest 12-month	
	5-year average	latest 12 months						recent	% change 1982	EPS	P/E
Comprehensive Care *health care services*	47.8%	16.5%	43%	$68.7	$7.59	$5.32	11%	16¼	–9%	$0.88	18.4
Zenith Natl Insurance *insurance*	46.9	30.2	29	90.9	13.67	7.11	38	15¼	–14	2.15	7.0
Vermont Research *computer equipment*	46.1	10.5	40	16.3	2.69	6.95	4	8¾	–29	0.73	11.9
Sensormatic Electronics *electronic theft control*	45.8	18.8	42	66.9	15.61	5.37	70	27	20	1.01	26.7
Analogic *computer equipment*	45.6	16.2	34	82.8	8.80	7.82	11	33¾	31	1.27	26.5
Kroy Inc *graphic products*	45.5	29.0	27	44.1	6.14	3.37	18	10¼	–28	0.98	10.4
Silicon General *electronics*	45.4	13.4	73	21.6	1.41	4.10	18	14½	7	0.55	26.3
Tucker Drilling *oil and gas drilling*	45.3	23.7	27	41.7	5.24	8.54	12	8	–47	2.03	3.9
Dreyfus Corp *finance*	43.4	48.1	56	87.0	21.47	10.99	10	28	–16	5.29	5.2
● **Computer Associates Intl** *computer software*	43.3	56.5	155	28.4	2.43	1.68	44	23	61	0.95	24.2
● **Horizons Research** *photography*	43.2	24.2	98	6.4	0.69	2.27	56	2½	–23	0.55	4.5
Hudson General *leases airline, RR equipment*	43.2	19.1	15	58.8	3.99	14.92	37	8¾	–2	2.86	3.0
CACI Inc (Unit)† *technical consulting*	42.8	48.1	67	95.6	4.40	8.85	7	59¾	109	4.26	14.0
Chem-Nuclear Systems *nuclear waste treatment*	41.4	11.1	30	59.8	4.81	5.45	13	15⅝	–6	0.61	25.1
● **Designcraft Jewel Industries** *jewelry manufacturer*	40.7	14.9	119	11.8	0.65	3.81	0	4⅝	–13	0.57	8.1
Reuter *computer, refuse coll equip*	40.7	11.2	54	16.0	2.01	6.57	2	6	–29	0.74	8.1
Prime Motor Inns *motels*	40.6	26.1	53	54.8	9.10	4.59	52	18⅝	57	1.20	15.5
Save-Way Industries *personal care products*	40.3	21.8	24	56.5	5.61	5.31	78	8⅛	6	1.16	7.0
Impell *service to nuclear industry*	40.1	29.8	40	74.9	10.81	9.47	1	19	–51	2.83	6.7
● **Amtec Industries** *food packaging*	38.7	34.3	44	21.5	1.10	2.33	28	5¾	–36	0.80	7.1
● **Amerford Intl** *air freight*	38.2	21.7	65	96.2	1.94	4.37	6	5¾	0	0.95	6.0
Baruch-Foster *oil and gas development*	38.0	27.1	84	12.5	3.24	4.24	9	7⅜	–28	1.15	6.4
Tylan *equip for semicond ind*	37.7	10.2	32	18.2	1.02	4.96	7	15¼	64	0.51	29.9
American Income Life Ins *insurance*	37.1	21.3	30	95.6	17.05	12.25	0	21¾	0	2.61	8.3
CyCare Systems *computer services*	36.8	22.8	25	19.7	1.05	3.11	19	10½	– 8	0.71	14.7
Floating Point Systems *computer equipment*	36.6	17.5	36	57.8	6.35	6.94	5	24½	19	1.22	20.0
● **CenCor** *finance, day-care centers*	36.3	36.0	20	60.8	1.30	3.08	78	19½	147	1.11	17.5
Microdyne *electronics*	36.0	7.7	33	29.0	4.08	7.23	2	8¾	– 44	0.56	15.6
● **Intl Game Technology** *recreation*	35.8	33.3	130	61.5	13.89	5.18	3	8	–50	1.73	4.6
● **New England Bus Service** *office supplies*	35.8	24.8	16	91.6	7.36	7.17	46	29½	–6	1.78	16.5
Base Ten Systems *electronics*	35.7	23.8	52	15.1	1.67	5.71	15	16	–2	1.36	11.7
Frost & Sullivan *insurance*	34.8	13.2	35	8.2	0.57	1.51	0	2¼	–30	0.20	11.2
Andersen 2000 *pollution control equip*	34.1	30.8	108	9.3	0.96	1.72	0	6¾	–35	0.53	12.7

● New addition to 1982 Up & Comers list. *Latest fiscal year. †Trades with one share CACI NV.

Source: Standard & Poor's

The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
Cordura *publishing*	34.1%	47.4%	34%	$30.3	$4.85	$2.59	0%	12⅜	59%	$1.23	10.0
Thompson Medical *proprietary drugs*	34.0	25.9	41	83.3	10.33	10.16	0	15⅞	28	2.64	6.0
Quadrex *nuclear engineering*	33.9	16.8	49	74.4	7.07	4.39	3	6	– 61	0.74	8.1
Dynatech *health care products*	33.8	23.5	19	69.8	5.19	4.92	44	15¼	–15	1.16	13.1
• Intelligent Systems *computer equipment*	33.4	19.7	77	24.5	3.21	5.68	0	15½	–31	1.12	13.8
• Genisco Technology *electronics*	33.4	20.9	115	23.2	1.24	3.48	43	9	–15	0.73	12.3
• Killearn Properties *property development*	33.2	8.2	25	3.0	0.54	5.56	68	3⅛	31	0.46	6.7
• C-COR Electronics *electronics*	33.2	39.2	93	24.4	3.35	2.85	9	24	37	1.12	21.4
Ambassador Group *insurance*	32.5	17.2	19	44.9	6.53	8.57	1	8	– 46	1.48	5.4
Children's World *day-care centers*	32.3	15.8	23	20.9	1.09	2.52	79	4⅝	27	0.40	11.5
Medex *health care supplies*	32.3	41.8	62	8.4	1.05	1.17	76	8	–33	0.49	16.3
Brennand-Paige Industries *wire and cable*	32.3	19.9	29	70.5	5.29	6.01	7	8¾	2	1.20	7.2
Spectrum Control *electronic pollution contrl*	32.3	15.4	24	16.5	1.44	2.07	13	5¾	0	0.32	17.9
Cullinane Database Systems *computer software*	32.0	24.4	43	49.2	7.60	5.00	0	39⅝	14	1.22	32.4
Eldorado Bancorp *bank holding*	32.0	20.3	32	19.5	1.69	6.59	9	8	–33	1.34	5.9
• Pay-fone Systems *computer services*	31.9	7.7	38	4.5	0.37	3.36	0	3¼	0	0.26	12.5
Flight Safety Intl *air and marine training*	31.6	26.7	32	68.0	19.08	5.28	32	22⅞	–30	1.41	16.2
• H&H Oil Tool *oilfield equipment*	31.4	24.6	61	24.1	4.49	5.59	31	4½	–67	1.38	3.2
Telecomm Equipment *telecomm equipment*	31.3	13.2	74	41.7	2.57	4.90	14	14¼	18	0.65	21.9
Pacific Scientific *aerospace*	30.7	24.6	22	72.8	8.44	5.96	2	13½	– 8	1.47	9.1
Gray Communications *broadcasting, publishing*	30.7	16.1	14	36.9	2.45	25.11	7	36	–11	4.06	8.8
Avantek *electronics*	30.7	15.9	39	81.8	9.50	3.57	2	16¼	– 4	0.57	28.5
• Agnico Eagle Mines *mining*	30.6	6.8	76	24.9	4.52	3.08	0	8½	58	0.21	40.4
• Dreyer's Grand Ice Cream *food processing*	30.6	42.0	76	41.9	3.12	1.76	10	21¾	75	0.74	29.3
Unimed Inc *ethical drugs*	30.2	14.5	24	2.2	0.67	1.44	0	10½	–8	0.21	50.0
• Square Industries *industrial services*	29.8	13.1	31	18.1	0.46	3.66	65	4½	0	0.48	9.3
• Amfesco Indus *footwear*	29.4	63.9	149	65.3	8.32	3.16	25	10¾	26	2.02	5.3
AmQuest *oil and gas*	29.3	9.1	63	5.7	1.12	2.95	47	1½	–51	0.27	5.5
Magnetic Controls *telecomm equipment*	28.8	11.8	24	61.5	3.54	8.98	28	16¼	68	1.06	15.3
Cellu-Craft *packaging*	28.8	27.8	23	41.7	2.05	3.60	22	5⅜	–2	1.06	5.0
Duralith Corp *electronics*	28.6	15.0	18	14.8	1.34	5.79	6	6¾	–35	0.87	7.7
Computer Products *electronics*	28.3	15.2	17	35.1	3.06	2.96	5	9¼	–5	0.45	20.5
Electro-Nucleonics *health care products*	28.3	8.5	15	37.7	1.43	5.37	59	11⅜	10	0.46	24.7

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's

The Up & Comers Class of '82

	Return on equity							Price		Latest 12-month	
Company/*business*	5-year average	latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	recent	% change 1982	EPS	P/E
Hadson Petroleum *oil and gas exploration, dev*	28.2%	36.7%	79%	$11.8	$10.52	$ 3.59	76%	6	– 64%	$1.32	4.5
Computer Consoles *computer, telecomm equip*	28.1	17.6	42	50.6	6.30	6.80	2	21¾	0	1.20	18.1
• Instacom *consumer services*	27.8	19.6	59	12.9	2.38	3.30	0	9¼	–9	0.65	14.2
Newport Corp *industrial, lab equipment*	27.8	30.7	46	18.1	3.72	5.17	0	34½	72	1.59	21.6
Southwestern Energy *gas utility*	27.7	22.1	16	54.7	11.86	5.28	64	10	– 42	1.17	8.5
Unit Drilling & Exploration *oilfield services*	27.4	25.4	53	78.0	17.28	8.73	77	5¼	–73	2.22	2.3
• Georgia Bonded Fiber *fibers*	27.4	49.7	83	25.0	0.03	2.37	37	5½	0	1.18	4.6
Natl Securities & Research *finance, invest adv svcs*	27.0	16.9	19	7.4	2.32	7.13	7	12¾	–3	1.21	10.5
Tony Lama *footwear*	26.6	24.2	90	98.0	9.13	14.84	22	20½	–26	3.60	5.6
• Woods Petroleum *oil and gas production*	26.6	22.2	17	71.9	21.90	9.47	18	19¼	–24	2.11	9.1
Genl Real Estate Shares *real estate*	26.5	57.4	26	2.5	1.68	10.41	52	18½	15	5.98	3.0
Evans & Sutherland Co *computer equipment*	26.4	22.1	48	46.4	9.44	4.96	3	28½	–2	1.10	25.9
Systems Engineering & Mfg *electroplating sys, filters*	26.3	19.2	21	25.9	1.87	7.06	20	9⅞	–7	1.36	7.2
• Detector Electronics *fire detection systems*	26.1	15.7	65	10.0	1.25	4.77	29	9	– 40	0.75	12.0
Hi-Shear Industries *fasteners*	26.0	10.0	20	96.6	7.13	15.02	28	8	–28	1.51	5.2
Alpha Industries *electronics*	25.8	12.6	27	45.3	4.52	11.84	6	29½	5	1.50	19.6
• Walbar *aerospace*	25.8	20.2	35	81.8	9.44	14.73	0	25¾	–27	2.99	8.6
Adams-Russell *electronics, CATV*	25.5	18.6	30	59.9	5.11	7.73	91	24	20	1.44	16.6
• Inter-Tel *telephone systems*	25.5	16.5	113	43.3	3.88	2.36	34	6¼	–62	0.39	16.0
Detection Systems *intrusion detectors*	25.5	11.3	66	11.0	1.27	4.39	59	5⅝	– 67	0.50	11.2
Zero *enclosures for electronics*	25.3	21.1	21	81.7	7.43	9.47	30	23⅝	–5	2.00	11.8
URS Corp *industrial services*	25.3	25.7	17	78.1	3.53	5.83	72	10½	–17	1.50	7.0
Boston Digital *computer services*	25.3	11.0	20	21.4	1.60	4.34	0	8¼	–13	0.48	17.1
Radiation Systems *antennas*	25.2	14.7	22	15.3	2.43	5.69	14	17¼	7	0.84	20.5
Comdata Network *finance*	25.0	34.6	41	19.7	4.05	2.80	1	29½	12	0.97	30.4
McFarland Energy *oil and gas explor, prods*	24.9	16.5	20	14.7	4.47	5.31	1	6⅝	–50	0.88	7.5
Spectradyne *closed-circuit TV*	24.8	17.4	30	17.4	2.57	5.34	3	12¾	0	0.93	13.7
Trion *electronic air cleaners*	24.8	23.1	22	13.3	1.32	4.02	9	9½	–3	0.93	10.2
Astrosystems *computer equipment*	24.6	15.5	20	8.0	1.90	3.35	0	6½	18	0.52	12.5
• Network Systems *electronics*	24.6	13.1	108	18.4	3.54	3.27	0	25⅛	16	0.43	58.4
Petrol Industries *oil and gas explor, prod*	24.6	24.7	66	3.1	0.88	1.21	9	8¾	–38	0.30	29.1
Osmonics *chemical processing sys*	24.6	8.2	18	7.1	0.89	5.21	5	8¾	–31	0.43	20.3
• TII Industries *telecomm equipment*	24.5	14.8	22	23.1	2.51	6.98	2	9¼	– 45	1.04	8.8

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: *Standard & Poor's.*

The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
• **Power Conversion** *batteries*	24.4%	22.5%	37%	$ 6.1	$0.46	$ 0.80	80%	5⅞	0%	$0.18	32.6
Lynden *trucking*	24.3	29.3	94	88.2	6.32	17.17	21	14¾	–53	5.04	2.9
• **Amer Precision Industries** *electronics, machinery*	24.1	17.8	15	36.4	2.73	8.78	1	13⅛	8	1.57	8.3
Communications Industries *electronics*	24.0	22.7	21	52.3	7.41	4.39	6	21½	–2	1.00	21.5
Scientific Computers *computer services*	23.9	20.4	28	12.9	1.54	5.09	19	8¾	6	1.04	8.4
Astrex *electronics distributor*	23.9	23.4	21	27.1	2.02	4.73	74	7⅛	–50	1.11	6.4
• **Triad Systems** *computer equipment*	23.9	9.8	46	78.3	8.68	7.74	2	15⅛	–53	0.76	19.8
• **Chyron** *computer graphics*	23.8	21.1	109	12.8	3.56	6.20	0	23¾	30	1.31	18.1
Neutrogena *personal care products*	23.8	25.8	21	32.9	2.67	6.15	0	31½	–4	1.59	19.8
Ennis Business Forms *business forms*	23.8	21.5	26	87.7	6.45	16.86	23	23⅜	14	3.63	6.4
• **Federated Investors** *investment advisory services*	23.7	69.4	110	77.9	15.75	5.89	16	45	50	4.09	11.0
Management Science Amer *computer software*	23.7	15.1	47	67.1	5.49	5.29	3	28½	28	0.80	35.6
Cutco Industries *beauty salons*	23.6	17.3	44	11.5	0.70	5.25	0	8	–37	0.91	8.7
• **Diagnostic/Retrieval Systems** *computer equipment*	23.6	28.3	133	18.0	2.08	5.46	9	24¼	49	1.55	15.6
Newcor *industrial machinery*	23.6	25.7	35	69.6	3.19	9.56	21	16½	73	2.46	6.7
CRS Group *architect, engineering*	23.3	21.6	16	98.5	6.17	12.63	3	18⅞	–9	2.73	6.9
• **Fey Industries** *promotional products*	23.3	31.9	28	5.9	0.80	1.91	4	4¼	21	0.61	6.9
• **Scientific Software** *software for energy industry*	23.2	27.6	106	14.8	1.66	2.57	18	12¾	–7	0.71	17.9
• **Kyle Technology** *health care products*	23.2	15.7	70	4.6	0.76	2.09	0	4⅜	–59	0.33	13.2
• **First Am Bank of Palm Beach** *banking*	23.1	20.9	28	48.9	4.31	4.16	44	6⅝	0	0.87	7.6
Tellabs *telecomm equipment*	23.1	25.7	43	48.5	7.04	4.66	15	18¾	–23	1.20	15.6
American Recreation Centers *bowling centers*	23.1	15.8	21	18.0	1.61	7.56	59	9¼	36	1.20	7.7
• **Andersen Group** *electronics*	23.1	26.1	30	22.4	1.96	7.77	25	17	74	2.03	8.3
• **Integraph** *computer equipment*	23.1	18.0	68	91.1	8.27	4.81	10	25⅜	1	0.87	29.1
• **Sea Galley Stores** *restaurants*	23.0	11.5	46	49.0	2.21	5.28	82	7⅝	5	0.61	12.4
Micro Mask *photographic equipment*	23.0	11.2	12	21.8	1.39	7.27	19	11½	53	0.82	14.0
Ohio-Sealy Mattress *mattresses and boxsprings*	22.9	20.5	22	64.1	5.85	5.65	31	9⅝	28	1.16	8.2
TSI *precision instruments*	22.9	18.7	25	12.1	1.38	4.97	28	13½	74	0.93	14.5
• **Texscan** *electronics*	22.8	13.3	66	40.5	4.01	5.48	0	13⅜	0	0.73	18.3
• **Sterner Lighting Systems** *electrical equipment*	22.6	28.1	125	22.0	1.20	4.41	41	9	50	1.24	7.2
Vulcan *footwear parts*	22.5	14.5	16	45.9	3.95	12.06	10	8⅞	–17	1.75	5.0
• **Terminal Data** *office equipment*	22.4	17.3	22	23.2	1.30	5.66	29	12¼	–5	0.98	12.5
• **New Yorker Magazine** *publishing*	22.4	25.1	23	66.8	5.27	26.49	0	75	0	6.67	11.2

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Up & Comers Class of '82

	Return on equity		5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price		Latest 12-month	
Company/*business*	5-year average	latest 12 months						recent	% change 1982	EPS	P/E
● **Sturm, Ruger & Co** *firearms*	22.3%	18.9%	16%	$95.4	$12.31	$19.97	0%	19½	9%	$3.78	5.1
Sigmaform Corp *plastic tubing*	22.3	12.9	30	17.8	1.94	7.34	18	13¼	15	0.95	13.9
● **Posi-Seal Intl** *valves*	22.1	28.3	37	32.7	2.87	4.13	73	8½	–10	1.17	7.2
● **SFE Technologies** *electronics*	22.0	19.2	128	45.6	3.12	6.51	49	16¼	19	1.25	13.0
● **Hunt Mfg** *office supplies*	21.9	24.8	18	73.9	4.80	4.66	63	14⅞	6	1.16	12.8
● **United Medical** *health care services*	21.9	15.9	54	7.5	1.20	3.89	0	8¼	–9	0.62	13.3
● **Bluewater Oil & Gas** *oil & gas exploration, prod*	21.9	30.4	45	5.4	2.06	1.48	0	3⅜	–48	0.45	7.4
● **Dawson Geophysical** *oilfield services*	21.9	18.3	42	16.0	3.04	5.34	7	5⅝	–64	0.98	5.7
Frigitronics *eyeglass lenses*	21.7	21.1	20	96.6	5.32	8.28	16	15⅝	–11	1.75	8.9
Photo Control *photographic equipment*	21.5	19.6	24	8.6	0.79	3.91	32	4	23	0.77	5.1
● **Arnold Industries†** *trucking*	21.4	17.3	17	47.3	4.57	12.63	12	14¼	23	2.19	6.5
Electro-Catheter *health care products*	21.3	18.6	15	5.7	0.43	2.57	6	6¾	28	0.48	14.0
● **Postal Instant Press** *printing*	21.3	22.5	30	15.1	3.07	5.09	7	13⅛	0	1.15	11.4
● **AFA Protective Systems** *protective alarm services*	21.2	37.9	36	15.1	0.85	8.67	6	29	152	3.29	8.8
● **Lundy Electronics & Systems** *computer equipment*	21.1	10.6	43	28.0	1.17	9.37	62	9¼	8	1.00	9.2
Atlantic American *insurance*	21.1	17.1	29	40.5	4.02	8.15	21	10¼	0	1.40	7.3
Federated Gty Life Ins *insurance*	21.1	23.0	32	26.5	7.13	7.28	0	8	–3	1.68	4.7
George Washington *insurance*	21.1	12.3	22	33.2	2.51	5.10	5	3⅞	0	0.63	6.1
Electronics, Missiles & Comm *electronics*	21.0	11.3	52	6.8	0.48	0.97	44	13¼	–11	0.11	NM
● **SEI Corp** *bank computer services*	20.9	18.8	25	32.6	2.54	6.58	0	26½	8	1.24	21.3
● **Math Applications Group** *computer services*	20.9	18.7	44	7.8	0.67	2.13	13	14	–22	0.40	35.0
● **Bonray Drilling** *onshore drilling*	20.8	30.6	60	34.1	8.31	6.17	36	3	–63	1.89	1.5
● **BalCo Energy** *oil and gas explor, develop*	20.8	5.8	28	3.8	0.49	2.40	0	2⅞	–23	0.14	20.5
● **Tandon** *computer equipment*	20.8	13.3	115	54.1	4.51	4.19	0	17	19	0.56	30.3
RAI Research *battery equipment*	20.7	24.1	20	6.0	1.06	2.61	21	6½	44	0.63	10.3
Pandick Press *printing*	20.7	26.2	49	75.8	5.51	6.54	47	17	8	1.72	9.8
Anderson, Greenwood *valves*	20.5	17.7	26	53.6	5.54	8.27	18	12⅛	1	1.47	8.2
● **Cam-Or** *industrial services*	20.4	19.1	31	13.4	1.05	7.17	38	11¾	0	1.37	8.5
● **Tech/Ops** *precision instruments*	20.4	33.2	69	28.2	2.31	6.62	94	15⅞	–4	2.20	7.2
Acme United *health care supplies*	20.4	17.3	18	40.4	3.30	6.96	51	14¼	–24	1.21	11.7
Precision Castparts *precision casting*	20.3	15.9	19	92.5	4.78	16.34	54	25¾	–10	2.61	9.8
● **Mentor** *medical research*	20.2	27.5	45	4.4	0.42	1.27	26	16	236	0.35	45.7
● **Aeroflex Labs** *electronics*	20.1	22.0	51	28.7	3.18	5.36	42	16⅝	41	1.18	14.0

● New addition to 1982 Up & Comers list. *Latest fiscal year. †Acquired last year's Up & Comer New Penn Motor Express. NM: Not meaningful.

Source: Standard & Poor's

The Up & Comers Class of '82

Company/*business*	**Return on equity** **5-year average**	**latest 12 months**	**5-year EPS growth rate**	**Net sales* (million)**	**Net income* (million)**	**Book value per share**	**Long-term debt as % of book**	**Price** **recent**	**% change 1982**	**Latest 12-month EPS**	**P/E**
Pat Fashions Industries *apparel*	20.1%	15.1%	28%	$75.6	$4.49	$24.68	2%	15¾	–8%	$3.75	4.2
● **Radiofone** *communication equip*	20.1	11.7	125	7.6	1.55	6.03	17	24⅞	30	0.71	35.0
Infrared Industries *electronics*	19.9	10.8	17	15.4	0.66	4.25	22	7¾	10	0.46	16.8
● **Ratliff Drilling & Exploration** *onshore drilling*	19.9	22.5	46	37.0	6.72	7.98	98	4⅜	–69	1.80	2.4
Timeplex *computer equip and services*	19.8	7.7	33	28.5	1.71	5.42	37	11⅛	15	0.42	26.4
Breeze Corp *aerospace, auto parts*	19.8	18.6	63	34.3	2.49	16.67	18	27¼	43	3.11	8.7
Electronic Modules *electronics*	19.7	23.5	35	32.8	2.14	3.02	14	17¼	50	0.71	24.2
● **Applied Magnetics** *computer equipment*	19.7	15.9	126	73.9	6.63	10.63	8	14⅛	–11	1.70	8.3
Turner Construction *construction*	19.6	24.3	31	49.0	9.69	20.91	32	25⅛	–9	5.09	4.9
● **Sierra Research** *electronics*	19.6	16.4	24	55.8	1.60	9.07	99	18	35	1.49	12.0
● **Whitehall** *marine equip, electronics*	19.5	30.1	41	53.9	4.91	6.01	5	26⅞	18	1.81	14.8
Optical Radiation *electronics*	19.4	11.0	16	18.5	1.23	7.62	14	16½	34	0.84	19.6
● **Dunkin' Donuts** *fast food*	19.3	17.4	17	68.6	5.74	11.63	88	21½	50	2.03	10.5
● **AMEDCO** *health care products*	19.3	13.6	22	80.0	3.17	10.28	66	19¼	10	1.40	13.7
G&K Services *linen and uniform rentals*	19.2	17.9	16	42.1	2.43	7.35	18	9⅝	4	1.32	7.2
● **Pansophic Systems** *computer software*	19.1	25.8	34	35.5	4.63	2.71	1	13¾	22	0.70	19.6
● **Glasrock Med Services** *health care services*	19.0	17.2	86	43.8	4.00	5.44	25	21½	19	0.94	22.8
American Plan *insurance*	19.0	13.1	18	17.5	1.02	5.41	14	4¼	48	0.71	5.9
IPM Technology *airline services*	18.9	6.3	63	58.6	0.62	5.34	61	2½	–51	0.34	7.3
● **Restaurant Associates** *food service*	18.8	13.0	40	99.1	2.35	5.27	56	4¼	3	0.69	6.1
Chesapeake Utilities *natural gas*	18.7	16.6	27	41.2	2.53	23.73	22	15½	–3	3.96	3.9
● **REDM Industries** *electronics*	18.7	17.5	33	32.1	1.89	7.99	19	8⅝	9	1.40	6.1
● **MSI Data** *computer services*	18.7	18.3	12	55.3	4.78	9.81	2	18¾	16	1.80	10.4
Scurry-Rainbow Oil *oil and gas, mining*	18.7	13.2	40	51.7	9.41	35.97	9	39¾	–10	4.75	8.3
● **Stocker & Yale** *precision instruments*	18.6	19.8	22	8.3	1.44	7.25	0	10¼	–6	1.44	7.1
Oakwood Homes *manufactured homes*	18.6	13.6	16	44.7	3.09	15.40	14	27¾	63	2.10	13.2
● **Printronix** *computer equipment*	18.5	16.6	24	64.8	5.15	8.51	6	23¾	30	1.42	16.7
Scope Industries *recycling food wastes*	18.5	11.4	19	21.9	3.44	14.01	1	23¼	–13	1.60	14.5
● **Watsco** *climate-control equip*	18.5	16.1	23	14.9	1.01	5.88	87	8⅞	31	0.95	9.3
● **Computer & Comm Tech** *computer equipment*	18.4	12.9	123	61.7	6.21	8.36	2	9½	–62	1.08	8.7
● **ACMAT** *construction*	18.3	26.6	76	14.9	0.94	2.89	53	5¾	4	0.77	7.4
● **Piper, Jaffray** *securities brokerage*	18.2	12.0	15	84.6	6.27	24.71	1	33	8	2.98	11.0
● **Software AG Systems Group** *computer software*	18.1	5.0	35	24.6	0.97	3.18	3	8	–38	0.16	50.0

● New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Up & Comers Class of '82

Company/business	Return on equity		5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price		Latest 12-month	
	5 year average	latest 12 months						recent	% change 1982	EPS	P/E
● **Computer Data Systems** *computer services*	18.1%	20.4%	52%	$25.7	$1.17	$3.87	29%	12¾	75%	$0.79	16.1
Golden Enterprises *snack foods, fasteners*	17.9	22.3	21	76.2	5.32	7.03	7	13¾	–3	1.57	8.7
● **Topaz** *industrial machinery*	17.9	21.6	23	37.4	2.74	3.42	41	14¼	38	0.74	19.2
● **Xidex** *microfilm duplicator*	17.9	23.6	28	93.3	9.68	9.44	61	28½	– 4	2.23	12.7
● **C 3** *computer software*	17.8	20.7	51	48.5	8.36	4.91	2	14¼	–28	1.02	13.9
● **Schwab Safe** *safes*	17.5	16.0	20	12.1	0.88	8.18	0	8⅜	1	1.31	6.3
● **Elscint Ltd** *medical equipment*	17.4	28.0	107	71.9	10.08	5.56	58	21¾	3	1.56	13.9
● **Allied Security** *industrial services*	17.2	17.8	18	27.5	0.78	5.93	20	4⅞	–27	1.06	4.5
● **Langley** *aerospace*	17.2	20.3	22	10.2	0.89	4.37	0	4¼	36	0.89	4.7
Regency Electronics *electronics*	17.2	12.8	41	66.2	5.06	7.30	5	10⅝	0	0.94	11.2
● **Aero Systems** *aerospace*	17.2	18.0	18	17.2	0.81	0.83	29	4	33	0.15	26.6
● **New Orleans Bancshares** *bank holding*	17.0	18.3	28	82.3	6.69	26.03	35	26	0	4.77	5.4
● **American Controlled Inds** *mechanical equipment*	16.9	17.5	24	22.0	3.37	20.47	39	21	16	3.60	5.8
Depositors Corp *bank holding*	16.9	16.2	17	71.6	6.01	21.35	24	25½	36	3.47	7.3
First Connecticut Bancorp *bank holding*	16.9	16.6	20	78.2	8.36	30.42	5	31	29	5.07	6.1
● **Lynch Corp** *precision instruments*	16.9	6.8	117	19.0	1.33	9.66	6	6¾	–5	0.66	10.2
● **Computer Task Group** *computer services*	16.8	13.2	22	37.3	1.27	7.70	12	8¾	–25	1.02	8.5
● **First Wyo Bancorp** *bank holding*	16.8	15.0	15	75.3	7.88	14.76	32	13⅞	–19	2.22	6.2
● **New Hampshire Ball Brngs** *ball bearings*	16.8	15.2	20	60.6	4.71	18.65	18	29¼	–7	2.85	10.2
● **Snelling & Snelling** *employment services*	16.7	20.2	120	21.7	1.37	5.52	47	3	–33	1.12	2.6
● **Cado Systems** *computer systems*	16.7	10.3	67	46.0	5.54	5.59	0	10¼	–30	0.58	17.6
Wham-O Mfg *recreational equipment*	16.7	11.4	27	28.0	1.70	15.30	0	14½	70	1.75	8.2
● **Photronics** *mechanical equipment*	16.7	29.3	40	4.3	0.45	1.60	6	3⅜	–20	0.47	7.1
● **Hipotronics** *electronic equipment*	16.7	22.9	39	15.8	2.30	5.89	0	13⅜	–37	1.35	9.9
● **Geothermal Resources Intl** *finance, geothermal energy*	16.7	13.0	57	16.5	6.78	7.03	56	8¾	–27	0.92	9.5
● **Bank of Commerce NY** *banking*	16.6	22.1	35	49.8	6.91	20.46	0	21	–14	4.53	4.6
● **Sage Drilling** *onshore drilling*	16.4	22.1	50	22.8	2.98	7.69	8	4¼	–67	1.70	2.5
● **Gram Industries** *air freight*	16.4	23.2	80	29.7	1.81	1.29	34	1⅞	0	0.30	6.2
● **Miller Technology & Comm** *educational services*	16.3	8.9	73	5.6	0.68	3.89	6	5½	–41	0.35	15.7
● **Statex Petroleum** *oil and gas*	16.3	9.6	36	11.7	2.55	7.70	1	8⅞	–34	0.74	11.9
● **GI Export** *automotive exporter*	16.2	14.9	37	15.0	1.42	4.95	0	4⅜	29	0.74	5.9
● **Conifer Group** *bank holding*	16.2	18.6	35	72.2	6.18	29.40	31	24	14	5.49	4.3
Raymond Industries *military, heating parts*	16.2	13.5	23	46.7	3.16	13.80	24	20¾	28	1.87	11.0

● New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

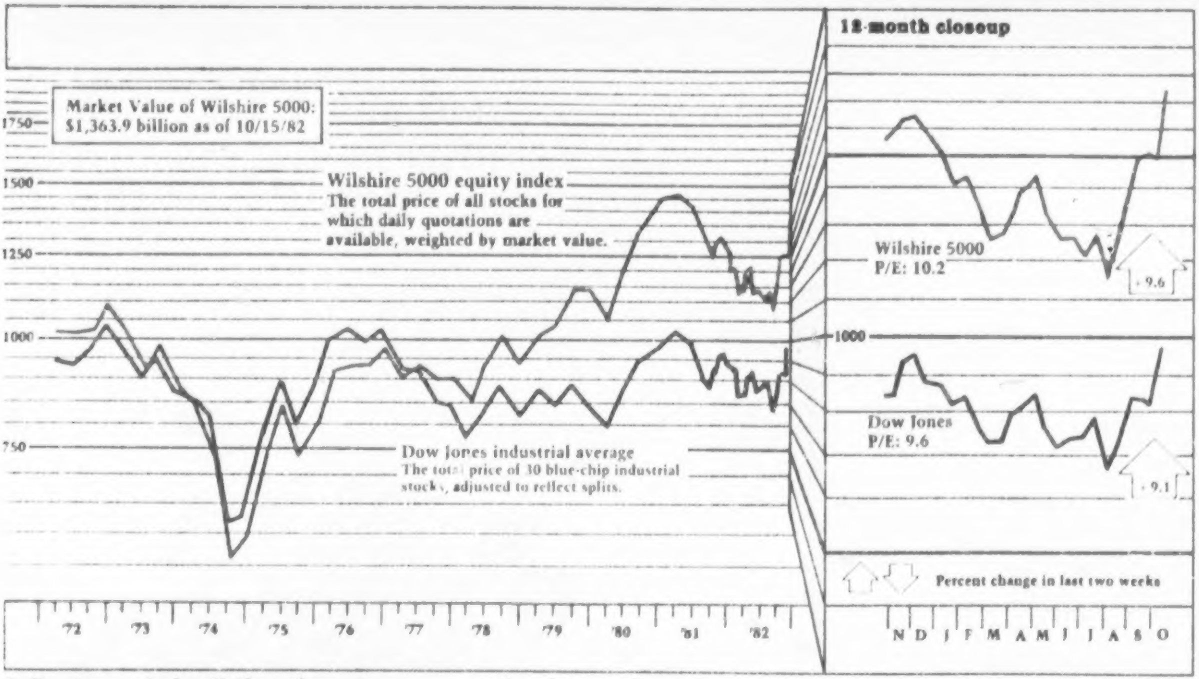
The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
Lil' Champ Food Stores *convenience food stores*	16.1%	16.7%	17%	$49.7	$1.55	$12.62	24%	22	76%	$2.11	10.4
• **Charles River Breedg Labs** *breeds lab animals*	16.1	14.4	21	39.3	5.19	15.20	10	31	–21	2.19	14.1
• **Washington Scientific** *precision equipment*	16.0	13.0	36	16.9	1.53	9.96	15	6	–41	1.30	4.6
• **Baldwin & Lyons** *insurance*	16.0	12.5	18	47.8	5.94	42.31	0	34½	6	5.33	6.4
• **Micom Systems** *computer equipment*	15.9	20.4	143	49.6	7.78	6.56	0	36½	28	1.34	27.2
• **Blessings** *diaper service, plastics*	15.9	15.7	18	62.5	2.41	17.25	46	14⅛	94	2.71	5.2
• **Logicon** *computer equip, services*	15.8	15.6	20	61.3	2.35	8.48	5	20⅜	30	1.33	15.3
• **McCormick Oil & Gas** *oil and gas explor, prod*	15.7	28.0	74	58.3	16.17	3.99	77	6⅛	–65	1.12	5.4
• **Designatronics Inc** *electro-mech, mech compo*	15.7	22.3	109	13.5	0.87	3.58	40	7	28	0.80	8.7
SCI Systems *electronics*	15.6	13.3	38	90.0	4.11	8.49	99	28	31	1.13	24.7
Kleer-Vu Industries *plastics*	15.6	17.9	51	14.6	0.56	6.30	54	6	5	1.13	5.3
• **Castle Industries** *manufactured housing*	15.6	24.8	113	22.4	1.07	3.78	11	8	–17	0.94	8.5
• **Felmont Oil** *oil and gas, chemicals*	15.6	11.4	19	70.1	11.24	9.38	11	12⅞	–38	1.07	12.0
• **Advanced Systems** *training materials*	15.5	31.8	53	28.8	2.62	3.64	13	10¾	–25	1.16	9.2
• **Lumex** *health care equipment*	15.5	10.9	28	30.6	1.68	8.60	51	27¼	74	0.94	28.9
Chieftain Development *oil and gas drilling*	15.5	12.7	23	69.9	12.44	6.26	95	17½	–8	0.80	21.8
• **Astronics** *packaging*	15.5	18.7	23	10.3	0.82	5.16	86	5¼	–16	0.97	5.4
• **Academy Ins Group** *insurance*	15.4	36.1	144	48.3	6.97	3.82	22	17½	22	1.38	12.6
• **First Bankers Corp Florida** *bank holding*	15.4	20.6	20	49.2	6.82	15.78	2	18¾	10	3.26	5.7
• **Sunair Electronics** *communications equip*	15.4	14.7	19	14.0	2.50	6.79	0	9⅛	–26	1.00	9.1
• **Realex Corp** *plastics, chemicals*	15.3	17.8	16	30.4	2.17	21.59	8	16	– 9	3.86	4.1
• **Eaton Vance** *investment advisory services*	15.3	14.3	18	8.9	1.31	8.29	0	14	–11	1.19	11.7
• **Stryker Corp** *health care equipment*	15.2	19.6	25	42.8	3.87	6.77	0	28¼	16	1.33	21.2
• **Narda Microwave** *electronics*	15.2	12.4	48	27.9	2.39	12.35	26	15½	–24	1.54	10.0
• **Dauphin Deposit** *bank holding*	15.1	16.6	16	78.4	11.46	56.03	0	46	0	9.32	4.9
• **Standard Shares** *multicompany*	15.1	21.1	20	75.8	26.79	49.13	2	35	–18	10.40	3.3
• **Pyramid Oil** *oil and gas*	15.1	12.1	39	11.9	1.57	1.98	1	3½	–22	0.24	14.5
• **Frederick's of Hollywood** *apparel*	15.0	13.3	24	39.3	2.23	7.73	13	7⅜	–29	1.03	7.1
• **Computer Entry Systems** *computer equipment*	15.0	18.6	55	7.8	1.47	2.58	10	4½	–23	0.48	9.3
• **Kencope Energy Cos** *oilfield services*	15.0	16.9	30	34.0	4.54	5.97	5	4½	– 64	1.01	4.4
• **Professional Care Services** *health care services*	15.0	33.0	106	5.7	0.43	1.24	90	6	0	0.41	14.6
• **Koss** *electronics*	15.0	13.4	93	23.9	1.71	3.19	22	4⅜	– 32	0.43	10.1
• **NCA** *software for engnrg, mfg*	15.0	9.8	68	12.0	1.64	3.77	16	8½	–52	0.37	22.9

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Forbes/Wilshire 5000 Review



Bulls stampede in all directions. Every major index shot upward, with the broad-based Wilshire 5000 and the narrow Dow Jones industrials almost in sync during the second leg of the 1982 bull market rally.

Behind the scenes, as institutional investors were selling blue chip darlings, they were buying energy stocks: domestic and international oils and big oil service companies like Schlumberger on the NYSE, and everything from oil production to oil exploration companies on the Amex and NASDAQ.

Thus it's not surprising that the Amex outpaced the other markets slightly—advancing 10.9% in the latest rally. It has more than its share of hot, little oil-related companies.

Watch out, though. The institutions are going into oils on a trading basis—that is, short term. Crude oil prices are up, a big auction of potential oil-producing properties is over, freeing funds for exploration, and exploration costs promise to fall amidst a glut of rigs and pipe. But a downturn in spot oil prices could end the parade.

The four-week market focus data, meanwhile, show speculative issues generally making slight gains over their more conservative counterparts. But on a 52-week basis, high P/E issues still lag far behind low-multiple stocks.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	9.2	8.9	8.3	9.1	8.6	9.6
in last 52 weeks	9.4	NA	16.6	11.0	2.2	7.5

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	10.1	8.2	10.1	8.1	8.6	9.7	11.5	8.8	8.7	7.5
in last 52 weeks	14.8	20.4	0.6	25.9	21.6	22.6	18.5	20.0	10.9	9.0

NA: Not available.
[1] Based on sales.
[2] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

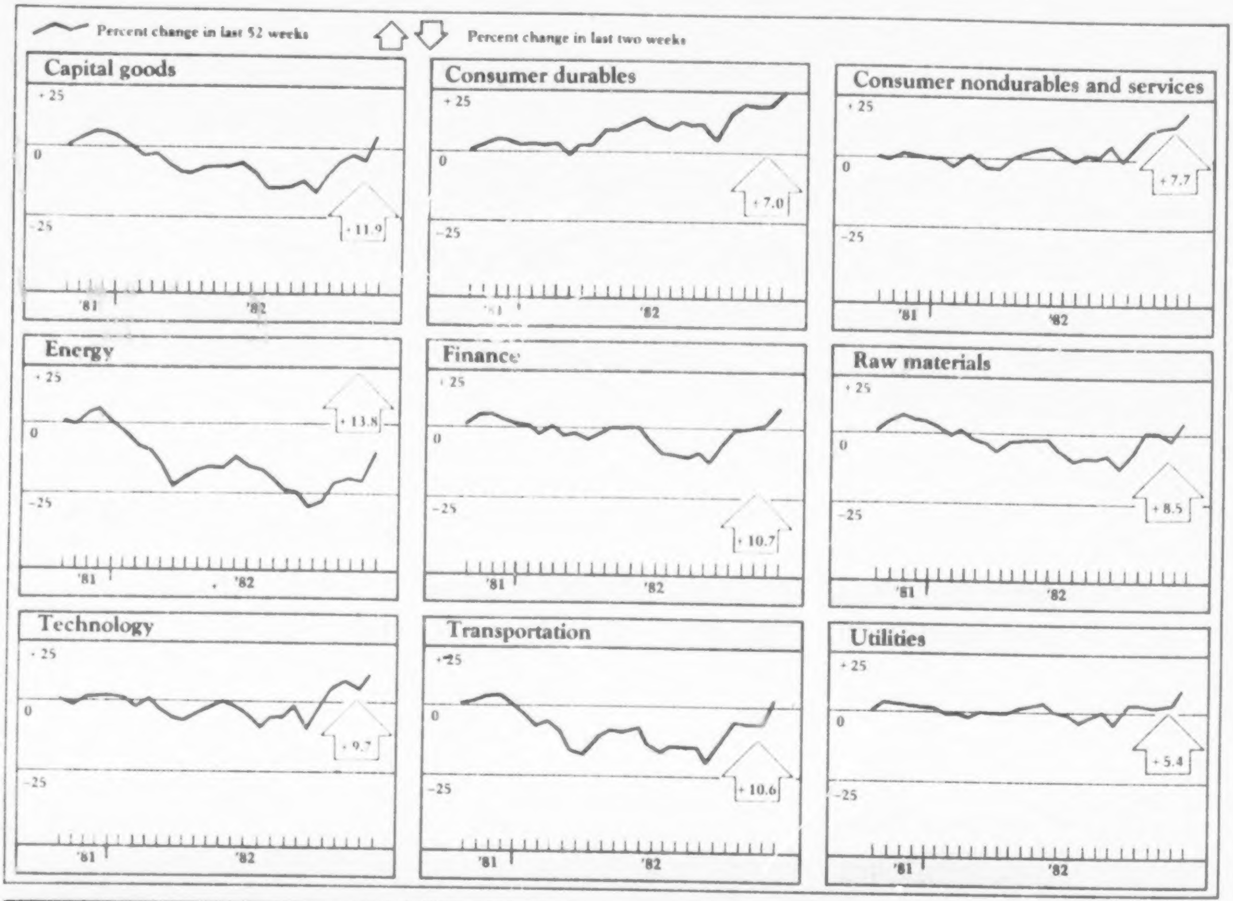
Note: All data for periods ending 10/15/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

And the worm turns. The second leg of the 1982 rally brought big changes in the sector trend lines. Utilities, strong until recently, didn't keep pace. Nor did financial companies and consumer nondurables.

This burst of market strength saw a strong uptick in energy issues, with the sudden switch into oils, along with new life in raw materials and capital goods—areas that have been trailing the market until now.

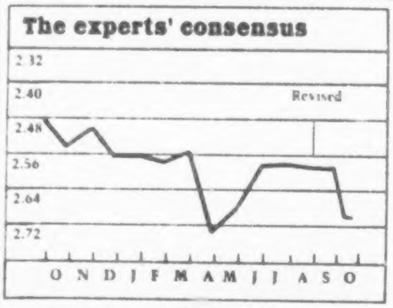
Investors, it seems, may suddenly be believing in an economic recovery after all.



What The Analysts Think

Seeing recovery? The analysts changed their opinions, ever so slightly, about raw materials stocks. Dragging the bottom, these issues edged into seventh place two weeks ago and are now a notch higher. But the pros are turning less bullish, now, on energy, the darling of institutional traders in the past two weeks.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.41	1	1
2	Utilities	2.53	2	3
3	Finance	2.56	4	6
4	Capital goods	2.60	3	2
5	Consumer non-durables	2.79	5	7
6	Raw materials	2.79	7	8
7	Energy	2.79	6	4
8	Transportation	2.81	8	5
9	Consumer durables	3.05	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 10/15/82. Prepared by Wilshire Associates, Santa Monica, Calif.